

DAILY REPORT

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ZHAO ZIYANG THANKS REAGAN UPON LEAVING NEW YORK

OW281412 Beijing XINHUA in English 1405 GMT 28 Oct 85

[Text] United Nations, October 28 (XINHUA) -- Chinese Premier Zhao Ziyang left New York this morning for a 15-day South American tour which will take him to Colombia, Brazil, Argentina and Venezuela.

During his stay here, Premier Zhao participated in the celebrations of the 40th anniversary of the founding of the United Nations. He met with leaders of nearly 20 countries including President Ziaul Haq of Pakistan, Prime Minister Rajiv Gandhi of India and President Daniel Ortega of Nicaragua, and exchanged views with them on the world situation as well as bilateral relations.

Upon his departure from New York, Zhao cabled messages of thanks to U.S. President Ronald Reagan, U.N. Secretary General Javier Perez de Cuellar and President of the 40th U.N. General Assembly Don Jaime de Pinies.

Accompanying Premier Zhao on his South American visit were Chen Muhua, state councilor; Chen Chu, special assistant to the premier; Zhu Qizhen, vice minister for foreign affairs; and Wei Yuming, vice minister for foreign economic relations and trade, who left aboard the same special plane.

Premier Zhao and his party were seen off at the New York Stewart Airport this morning by Qian Qichen, vice minister for foreign affairs; Li Luye, China's permanent representative to the United Nations; and Han Xu, Chinese ambassador to the United States.

WEI YUMING ON OPEN-DOOR POLICY, TRADE WITH JAPAN

OW281145 Beijing XINHUA Domestic Service in Chinese 0801 GMT 25 Oct 85

[Text] Beijing, 25 Oct (XINHUA) -- Wei Yuming, vice minister of the Ministry of Foreign Economic Relations and Trade, said in a statement in Beijing on 23 October that the policy of opening to the outside world and developing foreign economic relations and trade plays an important role in China's modernization drive.

Wei Yuming said: China's foreign economic relations and trade have developed fairly well since the adoption of the policy of opening to the outside world. According to statistics of his ministry, the volume of imports and exports in 1984 reached \$49.77 billion, an increase of 141 percent over that of 1978. This is an average 15.8 percent increase per annum, higher than the world export trade growth rate and also higher than the average annual growth rate of total domestic industrial and agricultural output value. China's exports in 1984 accounted for 1.25 percent of the world's total exports, compared with 0.75 percent in 1978, advancing our position in world exports from 32nd place to 16th. Along with the development of our agricultural production and the change in our export commodity structure, we turned from a totally cotton-importing country into a cotton-exporting country. We imported an average of 10 million metric tons of grain each year from 1979 to 1983. This year, grain imports will be somewhat less and we may export some. Last year, we exported 180,000 metric tons of edible oil (including oil seed) without importing any. Imports of raw and semifinished materials for industrial and agricultural production increased, however,

Wei Yuming said: China has scored marked achievement in use of foreign capital.

In the past 6 years, China actually used more than \$17 billion in foreign capital. In terms of renminbi, this is about 10.5 percent of the total investment in capital construction we made during the same period. As part of this sum, direct investment was absorbed to run some 5,000 projects. Importation of technology has taken a gratifying turn. The emphasis has gradually shifted from imports of whole-set equipment to specific technologies, with the imports of software technology showing greater increases. We have moved from building new enterprises to conducting technical transformation in existing enterprises to increase their economic results, keeping an eye on the use of foreign capital. In the past 6 years, we imported over 9,000 advanced technologies solely with our own foreign exchange. At the same time, we also started technological exports, so far having exported over 30 technologies including those related to metallurgy, welding, spinning, rice hybridization, and anti-cancer medicine manufacturing. We have taken a new step in international economic and technical cooperation. As of the end of 1984, we had contracted construction projects and entered into labor service cooperation with over 70 countries and areas on 5 continents.

Wei Yuming said: Foreign economic relations and trade played multiple roles in China's economic development. Summarized, they are chiefly:

-- Increasing our foreign exchange earnings and international payment ability. Foreign exchange earned from exports accounted for 80 percent of China's total foreign exchange income. Over \$120 billion in foreign exchange was earned from 1979 to 1984, meeting the needs in paying for imports, foreign economic relations activities, and other international payments.

-- Promoting the development of industrial and agricultural production. Imports of materials and technical equipment for industrial and agricultural production directly served production.

-- Helping in construction of key projects and in beefing up some weak links in our national economy. For instance, about \$1 billion in foreign capital was invested in the petroleum industry in the past few years. This is fairly important in maintaining the annual crude oil output of 100 million metric tons and in our long-range development. Since 1979, we have signed 8 geophysical prospecting agreements with 48 petroleum corporations of 13 countries. We have used World Bank loans to improve and reform 3 million mu of saline-alkali soil and waterlogging or dry fields in nine countries of three provinces -- Shandong, Henan, and Anhui. After treatment, grain production there will increase by 44 percent, cotton by 74 percent, oil-bearing crops by 300 percent, and average per-capita income by 60 percent. Some 3 million mu of wasteland in Heilongjiang's Sanjiang Plain will be opened up and a number of production bases of marketable grain established. We are using the World Bank's \$200 million loan to expand campus buildings, purchase instruments, and train instructors for 26 key universities with a view to doubling the number of students per teacher. At the same time, we are also using loans to resume the construction of a number of projects badly needed in our national economy but suspended or postponed due to a lack of funds.

China's technological and management levels have been improved. One, foreign exchange has been used to import advanced technology and equipment. Examples are the imports of a production installation for transparent polyethylene plates and a whole set of equipment and patented technology for making synthetic leather in the field of light industry. Two, some advanced technology has been introduced into our country along with the use of foreign capital and through multilateral economic and technological assistance. Three, work contracts and labor cooperation with foreign countries, economic and technological assistance given to foreign countries, production of export products, and competition in the international market have also promoted many enterprises to work actively to raise their technological level and improve their operations and management.

That is, they have had a stimulating effect on the technological advance of domestic enterprises. Four, we have been gaining experience in operations and management. For example, Jianguo Hotel has employed foreign businessmen to fill the posts of general manager and some departmental managers. These managers have formulated a set of new operational and management methods and adopted the principle that "guests are the most important; service is the primary target" in operating the hotel. As a result, the average annual rate of occupied hotel rooms is over 80 percent.

Supplies on the domestic market have been supplemented and enriched. and the domestic market is in a more prosperous and vigorous state. Imported means of production and technology have resulted in the increased production of domestic commodities, improved their quality, boosted the quality of various commodities in the domestic market, accelerated the upgrading of these commodities and increased their varieties and designs. In addition to this, we have imported some goods, as necessary, to directly supplement and enrich the domestic market supplies. Our country has spent a lot of foreign exchange to import consumer goods for daily use, including food, clothing, and daily necessities. This has not only manifested the concern of the state and party about the people's well-being, but has also balanced supply and demand on the domestic market, increased the varieties of commodities, improved the people's daily life, and withdrawn a certain amount of currency from circulation.

The financial revenue of our country has been increased, and more funds have been accumulated. Foreign investment made directly in running enterprises has increased the profits delivered to the state and the state's tax revenue.

More job opportunities have been provided. This has assisted the consolidation and development of stability and unity in this area. Now several tens of millions of people in our country are engaged in export trade or export-oriented production. The vast majority of the handicraft articles produced in our country are now for export. For example, more than 5 million people are employed in the exports of drawworks and embroidered articles. Approximately 3 million people are employed in the production of woven articles made of grass, wicker, and bamboo.

Calling for proper understanding on some questions, Wei Yuming said: In opening to the outside world, we must uphold the principle of self-reliance. Opening to the outside world and developing foreign economic relations do not preclude self-reliance. On the contrary, the principle of self-reliance must be upheld. This is because of the following: One, the situation varies from country to country. To develop economic relations with foreign countries, we must proceed from the actual situation of our own country to set up our orientation, key task, and strategy. Only in this way can the development of our foreign economic relations effectively stimulate the growth of our national economy. Two, according to the principle that internal causes are the basis of change and external causes are the condition of change, and that external causes become operative through internal causes, no matter how advanced a foreign technology or how good a foreign experience is, it requires our subjective efforts to digest, master, and apply that technology or experience. "Practice has also proven that the questions of whether our foreign economic and trade relations can be developed and what effect they will have depend basically on our domestic work or, in other words, on our ability of digestion and assimilation. Three, the history of liberation and independence of countries in the world indicates that if a country economically depends on external forces and is unable to firmly grasp its own economic lifelines, it can in no way ensure and consolidate its political independence and change its fate of being controlled by others. Four, it is impossible for China, a big country with a population of 1 billion, to rely on foreign countries to solve the problem of food and clothing for its own people, make them well off, and achieve modernization.

Of course, in no way should self-reliance be construed to mean that we should not open to the outside world and develop our foreign economic and trade relations. As early as the 1960's, Premier Zhou Enlai explained the relationship between self-reliance and foreign economic work based on the practice of our country's socialist economic construction. He pointed out clearly that the meaning of self-reliance is that we should rely on the labor and intelligence of our own people and make full use of our domestic resources to develop our national economy and, at the same time, promote trade with other countries in the world to help supply each other's needs on the basis of equality and mutual benefit. It is impossible to isolate China's revolution and construction from the world. At all times, we need to seek assistance from outside and to learn foreign advanced technology and experiences that are useful to our country. With the development of productive forces and the advance of science and technology, countries are increasingly dependent on one another economically. Commodity exchanges, technology transfers, and the flow of funds have all become internationalized. No country can modernize its economy by isolating itself from the world. This is very easy to understand.

Opening to the outside world and expansion of economic and technological exchanges and cooperation can enhance our self-reliance ability and promote national economic development. This fact has been proven by the experience of many countries and by China's practice in socialist construction. At present, most of our major enterprises have used some imported things. If we must rely on ourselves to develop those things, we will have to spend a huge amount of money, manpower and time. A key to this issue is that we should have a clear and definite guiding principle. We import things from foreign countries for the purpose of making those things serve us, and we should attach importance to knowing how to use them in the interest of our own development. The development of foreign economic relations and adherence to the principle of self-reliance are complementary.

How should we treat imports? He pointed out: After the Opium War, imperialist powers carved up China, our political and economic lifelines were controlled by foreigners, our market was flooded with foreign goods, and our national industry was severely devastated. Such a historical period of humiliation is still fresh in our memory. Therefore, people always associate imports with the protection of our national industry and tend to think that the less imported the better. In fact, they are wrong. A proper level of imports is in many respects of positive significance to the development of our national economy and to the expansion of exports. Importing advanced technical equipment can raise the technological level of our production. Importing raw and processed materials that are in short supply at home can satisfy our needs in the development of production. Importing certain consumer goods can enrich our market supply and help take currency out of circulation. Moreover, the advanced foreign commodities in our market will show how much our products lag behind, and will cause consumer pressure to force our enterprises to improve production technology and management and accelerate upgrading their products.

We should have a correct understanding in two respects with regard to protection of our national industry. First, in addition to recognizing that this refers to the protection of our domestic market to prevent foreign goods from harming our industrial development, we should also recognize that it is even more important for us to keep the lifelines of our industrial development under our own control. Second, we should recognize that this protection is for the purpose of development. We must constantly readjust our policy of protection in accordance with the needs of the development of our national industry. With the growth of our national industry, we should promote the exportation of our products on the international market, and at the same time, we should gradually increase the importation of certain products in a planned way. Following this method of importing items will help us to make comparisons, see where we lag behind, learn new knowledge, and cause the enterprises concerned to improve their technology and management and accelerate the upgrading of their products.

In this sense, such a method of importing items helps our national industry. Of course, the importation of commodities must be based on our needs and must be kept within reasonable limits. We must not blindly import things without limits.

On Sino-Japanese economic and trade relations, Wei Yuming said: China and Japan are close neighbors. China has a vast market and comparatively abundant natural resources, but its economy and technology are relatively backward. Japan has a developed economy and a high technological and management level, but it lacks natural resources and its domestic market is small. The two countries can complement each other economically, and there exist favorable conditions for them to develop economic relations and trade with each other. With the normalization of diplomatic relations between China and Japan, the economic relations and trade between the two countries have been developed constantly. In 1984, the volume of trade between them amounted to \$12.73 billion, accounting for one-fourth of the volume of China's foreign trade overall, and ranking fifth in volume in Japan's foreign trade. To sum up, economic cooperation between China and Japan follows the principle of equality, mutual benefit and supplying each other's needs, and is conducive to the economic development of both countries.

Wei Yuming pointed out: The major problem of Sino-Japanese economic and trade relations are the fairly large trade deficits in disfavor of our side. This problem has aroused the attention of both sides.

U.S.-SPAIN TALKS ON U.S. MILITARY PRESENCE END

OW260824 Beijing XINHUA in English 0737 GMT 26 Oct 85

[Text] Madrid, October 25 (XINHUA) -- Spanish and U.S. officials concluded their first round of talks on the reduction of U.S. military presence in Spain here today.

An official statement issued after the talks said the two countries decided to hold further talks in December. The statement said that the two delegations will by then have drawn up a series of studies assessing the contribution to Western security made by Spain and the U.S. Forces stationed in this country. The United States will analyze the contribution by the American forces in Spain to Western security and the resulting needs, given Spain's current participation," it said. "Spain will analyze the Spanish contribution to Western security and its implications for the U.S. military presence in Spain," it added.

Resentment against the massive U.S. military presence in Spain has led Prime Minister Felipe Gonzalez to promise a national referendum, due early next year, on whether Spain should remain in the North Atlantic Treaty Organization (NATO). The United States has maintained four military bases in Spain since 1953 -- a naval base in Rota, and three air bases in Moron, Torrejon and Zaragoza -- with a contingent of 12,540 troops.

BEIJING RADIO REVIEWS PROSPECTS FOR U.S.-USSR SUMMIT

OW291240 Beijing in Russian to the USSR 1800 GMT 28 Oct 85

[Correspondent's review: "Prospects for the U.S.-USSR Summit Meeting in Light of Two Conferences"]

[Text] Two conferences -- one in the East, the other in the West -- were held on the eve of the U.S.-Soviet summit meeting. Each of the two camps is attempting to co-ordinate the positions of its members in relation to the forthcoming Geneva meeting.

The summit conference of the Warsaw Pact member states was held in Sofia, the Bulgarian capital, on 22-23 October. It devoted considerable time to discussing policy in relation to the United States and East-West relations over the disarmament issue. At the conference Soviet leader Gorbachev explained his new proposal on nuclear disarmament -- made somewhat earlier in Paris -- so that conference participants would understand and support it.

The statement issued at the conclusion of the conference said that ending the arms race, primarily the nuclear arms race, and beginning disarmament was the cardinal task of our time and that the conference participants supported the constructive position of the Soviet Union aimed at a practical solution of averting an arms race in space and ending it on earth. This shows that the Soviet Union is trying to make the disarmament question the main point of discussion at the U.S.-USSR summit meeting and that this position has received the support of members of the Warsaw Pact.

In New York, a conference of leaders of six major Western countries -- the United States, UK, the FRG, Japan, Italy, and Canada -- was held on 24 October. No joint communique or any statement was adopted at the conclusion of the conference, contrary to the Warsaw Pact countries' conference. However, judging by President Reagan's speech at the United Nations that day and by comments of U.S. Secretary of State Shultz to journalists after the meeting, people can nevertheless see the main content of the conference.

In his speech Reagan declared that whether or not the United States and the Soviet Union establish constructive relations depends on the solution of regional conflicts. He unambiguously reiterated that regional conflicts will become the key issue at his forthcoming meeting with Gorbachev in Geneva. Shultz said that the prime ministers of the five countries fully support Reagan's position in relation to the U.S.-Soviet summit meeting. Reagan's desire for a solution to regional conflicts in Asia, Africa, and Latin America at this meeting found the warm approval of the prime ministers of the five countries.

In this way both the Soviet Union and the United States have shown their hands concerning the forthcoming U.S.-USSR summit meeting, or in other words, one of the main questions will be the discussion of the arms issue, the other will be discussion of regional conflicts. Under these circumstances, the question of whether the conference can achieve certain expected positive results remains the big question.

ZHANG JINGFU SPEAKS AT SINO-U.S. CONFERENCE

OW281138 Beijing XINHUA in English 1125 GMT 28 Oct 85

[Text] Beijing, October 28 (XINHUA) --State Councillor Zhang Jingfu said today the authorities would give preferential treatment to companies introducing badly-needed advanced technology to China.

Addressing the opening ceremony of a Sino-United States telecommunications conference here, Zhang said the development of telecommunications would be important for China's Seventh Five-Year Plan (1986-1990).

The country was eager to learn from developed countries in order to improve its telecommunications. It would carefully select foreign partners and co-operative schemes.

The conference would help deepen understanding between the telecommunications experts of China and the U.S., laying a solid foundation for future long-term cooperation, he said.

At the opening ceremony, H.P. Goldfield, assistant secretary of the U.S. Department of Commerce, read out a letter from President Ronald Reagan to John Clendenin, chairman of the board of the U.S. Bell South Corporation, expressing congratulations on the opening of the conference.

Reagan said the conference, held since an accord on industrial and technological cooperation signed by the two governments last year, would serve as a catalyst for U.S. industry to aid the Chinese telecommunications network, while fostering strong business relationships between the two countries.

Before the ceremony, Zhang Jingfu met several representatives of U.S. companies attending the conference, and told them the Chinese market had great potential. He hoped the U.S. businesses would promote bilateral economic cooperation and technical exchanges in the form of technology-trade integration and compensation trade.

More than 200 experts, including those from 46 U.S. companies, are attending the meeting. During the week-long conference, participants will discuss network planning, satellite networks, fiber optics, microwave applications and integrated services digital networks.

Hosted by the China Association for Science and Technology, the conference is co-sponsored by the U.S. Bell South Corporation and the China/Tech Corporation.

Yang Taifang, Chinese minister of posts and telecommunications, and Li Tieying, minister of electronics industry, attended today's opening ceremony.

Reiterates Opening Up Policy

OW290652 Beijing XINHUA Domestic Service in Chinese 1242 GMT 28 Oct 85

[By RENMIN RIBAO reporter Zhang Yushu, XINHUA reporter Li Anding]

[Excerpt] Beijing, 28 Oct (XINHUA) -- Addressing the Sino-U.S. nongovernmental conference on telecommunications technology exchange, which opened today, State Councillor Zhang Jingfu said: Opening to the outside world and enlivening the domestic economy is in line with China's actual needs and its people's wishes, and it is a major national policy for modernization. This policy will be firmly carried out, and it will not change.

Zhang continued: Guided by the policy of opening to the outside world in recent years, China has established cooperative relations with many countries on a broad basis and has introduced into the country advanced and applicable technologies needed for developing the nation's industry, agriculture, science, and technology. He said: A developing country like China, which has a population of 1 billion, can never totally rely on other countries for its construction, and we must carefully select our partners and projects of cooperation. We will give preferential treatment in various areas to those advanced technologies that our country needs.

Zhang Jingfu pointed out: It is good to hold Sino-U.S. nongovernmental technical exchange meetings. Extensive contacts between scientists and technicians of non-governmental agencies certainly will bring about and promote intergovernmental dialogue.

PRC, U.S. FIRMS TO JOINTLY PRODUCE HELICOPTERS

OW281910 Beijing XINHUA in English 1507 GMT 28 Oct 85

[Text] Guangzhou, October 28 (XINHUA) -- A Chinese and an American firm will jointly produce helicopters under a contract signed here today.

The Guangzhou No. 3 Machine Tools Plant and Orlando Helicopter Airways, Inc. of the U.S. State of Florida, plan to produce more than 100 helicopters of models S-55, S-58 and S-62 annually during the cooperation term of 20 years.

The first batch of investment is 2.4 million U.S. dollars, 40 percent of which comes from the Chinese side and the remaining 60 percent from the U.S. firm.

The joint company will assemble helicopters with U.S. parts in the first five years and then with Chinese parts. Most of the helicopters will be exported and the profits will be divided according to fixed proportions.

The three models are used for short and middle range transportation, and each can carry 10 passengers.

YAO YILIN MEETS U.S. FOREIGN POLICY GROUP

OW231443 Beijing XINHUA in English 1436 GMT 23 Oct 85

[Text] Beijing, October 23 (XINHUA) -- Chinese Vice-Premier Yao Yilin met here today with a delegation from the U.S. Foreign Policy Association led by James H. Evans. The delegation is composed of noted U.S. entrepreneurs and financiers.

PRC JUDICIAL OFFICIAL MEETS FORMER U.S. SENATOR

OW261743 Beijing XINHUA in English 1439 GMT 26 Oct 85

[Text] Beijing, October 26 (XINHUA) -- Zheng Tianxiang, president of the Chinese Supreme People's Court, met and feted here today Abraham Ribicoff, former American senator and counsel to the Kaye, Scholer, Fierman, Hays and Handler, and his party.

RENMIN RIBAO DISCUSSES SINO-JAPANESE RELATIONS

HK280850 Beijing RENMIN RIBAO in Chinese 27 Oct 85 pp 3, 4

[Article by Sun Pinghua and Liu Deyou: "Cherish Sino-Japanese Friendly Relations Forged With Such Arduous Effort"]

[Text] The present-day friendly Sino-Japanese relations have been forged through protracted and arduous effort exerted by advanced elements and persons with breadth of vision in both countries. Since the younger generation in the two countries is not well-informed concerning this part of history, it is necessary for us to briefly recount it.

Contemporary history which started from the end of the last century to 1945 was a period during which the Japanese imperialists invaded China. But even during this period, friendly relations between progressive personages of the two countries still continued. At the end of the Qing Dynasty, the activities of Chinese revolutionaries such as Sun Yat-sen and others in Japan were supported by Japanese sympathizers. From that period up to the period before the war of resistance against Japan, the friendship between Chinese scholars and writers such as Lu Xun, Guo Moruo, Wang Xuewen, and others, who had studied in Japan and later followed the revolutionary path, and their Japanese teachers and friends and other sympathizers, and the mutual support between the progressive cultural circles of the two countries further developed such friendly relations. During the war of resistance against Japan, Japanese progressive personages, who went into exile in China, did their utmost to help in the struggle of the Chinese people against the Japanese aggressors. They made an indelible contribution to the struggle. To describe this history in a simple and convenient way, we mainly start our description with the period since the establishment of new China; the rest will be omitted, or mentioned at appropriate places.

Sino-Japanese friendly relations since the founding of new China have gone through different stages of governmental, nongovernmental, semigovernmental and seminongovernmental contacts, up to the point of officially establishing friendly relations between the two governments. We will briefly describe the facts which we have witnessed and are familiar with as follows:

Nongovernmental Contacts Started First, and Nongovernmental Contacts Promoted Governmental Contacts

The two of us began contributing to the development of friendly Sino-Japanese relations shortly after the founding of new China. At that time, the state of war between China and Japan had not yet legally ended. Under pressure from the United States, the Japanese rulers adopted a hostile attitude toward the newborn China. However, the progressive Japanese people strongly urged friendly relations with the Chinese people and the normalization of Sino-Japanese relations as early as possible. During the celebration of the first anniversary of the founding of the PRC in 1950, people of various circles in Japan established one of the earliest Japanese organizations aimed at promoting friendly relations with China -- the Japanese-Chinese Friendship Association (the first president was a member of the Socialist Party, Jiichiro Matsumoto). However, at that time the peoples of the two countries were completely cut off from each other. Under such circumstances, it was impossible for them to have direct contact.

The trail was blazed by the people. With regard to Sino-Japanese relations after the founding of new China, we should, first of all, mention the forerunners who opened up the virgin land of Sino-Japanese friendship.

Thirty-three years ago, the first group of Japanese visiting China in the spring of 1952 included Kei Hoashi, a member of the Japanese Socialist Party in the House of Councillors, Tomi Takara (female), a member of the House of Representatives from Rikufu Kai, and Kisuke Miyakoshi, a member of the Kaishin Party in the House of Representatives. These three Japanese did not come directly from Japan. They arrived in Beijing from distant Moscow.

Events progressed as follows: In April 1952, an international economic conference was held in Moscow. Several Japanese friends, who had obtained visas for France, went to Moscow to attend the conference by way of Paris. The head and deputy head of the Chinese delegation attending the conference, Nan Hanchen and Lei Renmin, officially extended invitations to them to visit China. It is obvious that although this is common now, it was no trivial matter at that time. At that time, the Japanese Government did not allow Japanese citizens to visit "countries within the communist ring." It imposed various restrictions on normal contacts between peoples of the two countries. It conducted propaganda that "those who visit Communist China will be brainwashed, and personages from communist China, who visit Japan, will carry out subversion" and so on. Those who visited China directly or indirectly would be investigated on the charge of "violating the law on visas." However, these several Japanese delegates determinedly accepted the invitation and took the risk of visiting China by a roundabout route. From today's perspective, this seems a matter of the dim past.

Apart from visiting and understanding the situation in China, the purpose of the three Japanese guests in coming to China was primarily to discuss trade, namely holding talks and signing the first Sino-Japanese nongovernmental trade agreement. In the early 1950's, a period of acute confrontation between the East and the West, there were great obstacles to trade. The talks encountered enormous difficulties; progress was very slow. However, the atmosphere was friendly. Both sides cherished these commendable although limited contacts. After consultations and discussions which lasted more than 1 month, the first Sino-Japanese nongovernmental trade agreement was concluded. Although it covered only a total trade volume of 30 million pounds sterling, it marked the first progress in a difficult project. As time went by, its significance and the importance of the pioneer undertaking of these three Japanese friends in the history of Sino-Japanese relations became evident.

In the process of signing the Sino-Japanese nongovernmental trade agreement, both sides unanimously agreed that commodity fairs would be held in each other's country. In 1955, China held its commodity fair in Japan, whereas Japan held its commodity fair in China in 1956. At that time, they encountered the great difficulty of flying national flags. According to the principle of reciprocity and mutual respect and international practice, national flags should be displayed in the exhibition halls. However, displaying the Japanese flag in the Japanese exhibition hall in Beijing was a matter which was difficult for the populace to accept. People worried about the possibility of accidents. Premier Zhou earnestly told the persons concerned: "Tell the masses clearly that the Chinese and Japanese people are the victims of the war of aggression launched by Japanese militarism. It was not the responsibility of the Japanese people. The Japanese people are willing to be friendly with the Chinese people. Furthermore, the situation has now changed. The China and Japan of today are different than the China and Japan of the past. They should reestablish their friendship again on a new basis". Due to the great efforts exerted by various quarters, the Japanese commodity fair scored the desired success. The masses were orderly when visiting the fair.

From early 1953 both sides increased their activities through Sino-Japanese nongovernmental channels. In other words, China assisted Japanese nationals to return home, and allowed some patriotic Overseas Chinese in Japan to return to participate in socialist construction.

The Japanese returned to China the ashes of the Chinese who were captured by the Japanese troops and sent to Japan to do "hard labor" during the war. They also sent the ashes of revolutionary martyrs who died in Japan.

After the surrender of the Japanese imperialists, a number of Japanese nationals stayed in China. They worked and lived in China after the founding of new China. Some of them even joined our troops. They fought from the northeast to Guangdong, Guangxi and Hainan Island in the south. They contributed their share to the liberation cause of the Chinese people. Later, they were transferred to work in local units. As Japanese nationals, they naturally wished to return to their country. We also wanted to help them fulfill their desire. However, since there was no governmental contact, this could only be accomplished through nongovernmental organizations of the two countries (the organization on the Chinese side was the Chinese Red Cross Society, whereas the organizations on the Japanese side were the Japanese Red Cross Society, the Japanese-Chinese Friendship Association, and the Japanese Peace Liaison Association). According to the literal translation of the term used by the Japanese side, this task was referred to as the evacuation of nationals. After considering the matter, Premier Zhou said that the term was improper. The term "evacuation of nationals" could be used only when there was a clash and even a war between the two countries. It should be referred to as assisting the Japanese nationals to return home. There was no reason for the Japanese Government to oppose this. On passports which the Japanese Government issued to the delegates of the three Japanese organizations, the destination of the "People's Republic of China" was written on them for the first time.

In the process of assisting the Japanese nationals to return home, governments at all levels and the Red Cross Society on the Chinese side did a lot of painstaking work. They did their best to help the Japanese nationals. The responsible comrades of the units concerned where those Japanese nationals worked personally went to the ports to see them off. The Japanese nationals were deeply moved by this. Many of them were reluctant to part, and their eyes were filled with tears. Japan sent three vessels to China: the "Koan Maru," "Takusana Maru" and "Shirayama Maru." The biggest one was "Koan Maru," and its effect was also the greatest. These three passenger vessels travelled between Tianjin, Shanghai and Maizur Port. Beginning in March 1953, they transported a total of nearly 40,000 Japanese nationals to their home.

The Japanese friends have also made painstaking and effective efforts to return the remains of Chinese martyrs. We shall always remember Japanese Buddhist leaders Eijun Otani and Sugahara and members of the Japanese-Chinese Friendship Association Ekizo Akatsu and Yuriko Miura, who went to many places to investigate and establish a namelist of the victims. They also collected the remains of the victims and escorted them to China. Since 1953, they made 10 visits to China and returned a total of more than 3,000 remains.

On 30 October 1954, a Chinese Red Cross delegation headed by Li Dequan and Liao Chengzhi visited Japan. This was the first delegation sent by the new China to Japan.

The two countries also sent nongovernmental delegations to hold friendly talks and reached an agreement on fishing issues. In January 1955, the Sino-Japanese non-governmental fishing talks were held in Beijing. The two sides discussed measures to ensure peaceful fishing operations in Donghai and Huanghai. The talks began in January and concluded the first Sino-Japanese nongovernmental fishing agreement in April. The signing of this fishing agreement not only concerned the interests of the fishermen and fishing industries of the two countries, but also benefited the development of friendship between the two peoples. In the 17 years between the signing of this agreement and the reestablishment of Sino-Japanese diplomatic relations, both Japanese and Chinese fishermen who operated in Donghai and Huanghai continued to follow and abide by this agreement, although the fishing agreement was temporarily suspended and partly revised.

The new fishing agreement signed after the two countries reestablished diplomatic relations basically retained the contents of the first fishing agreement.

In the field of cultural exchanges, the two countries also first signed a nongovernmental agreement. This cultural agreement was signed after friendly talks in November 1985 by a delegation of the "National Federation for Supporting the Constitution" led by Tetsu Katayama, a former prime minister of a Socialist Japanese cabinet, and the Chinese People's Foreign Cultural Association. After that, nongovernmental cultural and art exchanges began to develop gradually. This added a new dimension to the Sino-Japanese friendship. In the year following the signing of the cultural agreement, on 26 March 1956, the Japanese-Chinese Cultural Exchange Association was founded in Japan and immediately established long-term friendly and cooperative relations with the Chinese People's Foreign Cultural Association (which later became the Chinese People's Association for Friendship With Foreign Countries). In the 30 years since its founding, the Japanese-Chinese Cultural Exchange Association, under the leadership of its former chairman, Kenzo Nakajima and current chairman, Yasushi Inoue, has made important contributions to the development of nongovernmental cultural, art, and sports exchanges between the two countries and to the reestablishment of diplomatic relations between the two countries.

From the mid 1950's and the early 1960's, Sino-Japanese nongovernmental cultural exchanges made major progress. In May 1955, the famous Japanese Kabuki actor Ennosuke Ichikawa visited and performed in China. In May 1956, the famous Chinese Beijing opera actor Mei Lanfang visited and performed in Japan. In 1960, the famous Japanese actors Chojuro Kawarasaki and Ganemon Nakamura led the "Zenshinza" opera troupe to visit China and give Kabuki performances. In the same year, Yasufusa Yamamoto, a famous Japanese actor, visited China and acted the leading role in a play entitled "Evening Crane" adapted from a Japanese fairy tale by Junji Kinoshita. Between 1958 and 1984, the Matsuyama ballet troupe led by Masao Shimizu made five visits to China and gave many performances, including the performances of "White-haired Girl" which was adapted from a Chinese opera. All these performances were warmly welcomed by audiences in both countries.

During this period, nongovernmental scientific and agricultural exchanges also developed between the two countries. In May 1955, a Japanese academic conference delegation headed by Seiji Kaya visited China. Some famous Japanese scholars and nuclear physicists, including Seiji Kaya, Shigeru Minamihara, Kanetaka Ariyama, Shinichiro Tomonaga, and Shoichi Sakata, made valuable efforts to develop Sino-Japanese academic exchanges. In December 1955, a Chinese scientists' delegation headed by Guo Moruo visited Japan. Then, a Chinese agricultural delegation headed by Wang Zhen, then minister of agriculture and reclamation, paid a return visit to Japan from late autumn to early winter of 1957 at the invitation of the Japanese-Chinese Agricultural Exchange Association. The Chinese delegation conducted a 2-month tour of Japan.

Since the mid 1950's, Chinese and Japanese trade unions have gradually increased their contacts. Through the exchange of visits by trade union leaders and the delegations of the two countries, the traditional friendship between workers of the two countries was further strengthened and developed. The scope of Sino-Japanese contacts has widened over time, and gradually grown to encompass people in political circles. Here, we should particularly mention the visits to China in the 1950's and 1960's by a number of Japanese statesmen who had held the post of Prime Minister. As mentioned earlier, Tetsu Katayama was the pioneer who took the valuable first step. Then, former Prime Minister Tanzan Ishibashi twice led a delegation to visit China. In the years before China and Japan normalized their relations, their visits to China showed their extraordinary courage and splendid foresight. These Japanese statesmen made actual contributions to the normalization of Sino-Japanese relations.

In those years, Premier Zhou Enlai highly valued their actions and challenged the Japanese Government by saying: "Now only former prime ministers who are not in power can come to visit China and no incumbent prime minister has visited China. The Beijing airport is always open to the incumbent prime minister of Japan."

As far as the visits to China by Japanese statesmen are concerned, as early as in September 1954, we in Beijing received a Japanese parliamentary delegation, whose members included some famous Japanese statesmen. The Japanese delegation came to China after concluding its visit to the Soviet Union and attending the World Peace Conference in Stockholm. On that occasion, we received Yasuhiro Nakasone, the current incumbent prime minister of Japan. Yoshiro Sakuruchi was also a member of the parliamentary delegation. He later took many important posts in the ruling Liberal Democratic Party and in various cabinets. The other members of the delegation, Sunao Sonoda, was later foreign foreign minister of the Fukuda cabinet and conducted negotiations with our country on the signing of the Sino-Japanese Peace and Friendship Treaty.

Included in the camp of Sino-Japanese friendship are former Japanese armymen who previously harmed the Chinese people in Japan's war of aggression against China. This is a special phenomenon in the history of Sino-Japanese relations. Here, we would like to mention Saburo Endo, a former lieutenant general of the Japanese Army. Previously, he was a chief of staff in the Kanto Army which was stationed in Northeast China. After the Japanese imperialists surrendered, he took an active part in the movement of supporting the "peace constitution" and opposing war and stressed that Japan should make a thorough self-criticism for allowing its imperialists to launch a war of aggression against China. Encouraged and supported by Premier Zhou and Comrade Liao Chengzhi, following his first visit to China in November 1955 as a member of a delegation, led by Tetsu Katayama, Saburo Endo personally led another delegation whose members were all former Japanese Army generals, to visit China in 1956. The delegation was received by Chairman Mao. After this visit to China, Endo initiated and organized a "society of former armymen for Japanese-Chinese friendship." He himself took the chairmanship of this organization, which established long-term friendly and cooperative relations with the Chinese People's Institution of Foreign Affairs and the Sino-Japanese Friendship Association. Later, Endo's organization also recruited members among retired senior officers of Japan's Self-Defense Force. They then formed a new organization named "Round-Table Conference on China's Political and Economic Affairs," and continued to make contributions to Sino-Japanese friendship.

Another friendly group of former Japanese armymen is the "Association of Returnees From China," whose members are all former Japanese war criminals released in advance by the war criminal penal institution in Fushun, northeast China. The chairman of the organization is Shigeru Fujita, a lieutenant general and commander of a division of the Japanese Army which invaded China. Many of the war criminals continued to make contributions to Sino-Japanese friendship after they returned home from China.

When talking about former Japanese armymen, we must mention the work of Susumi Okano (who is later known as Sanzo Mosaka), leader of the Japanese Communist Party who was sent by the Communist International to Yanan to lead the "Japanese Workers' and Peasants' School," and we must mention the antiwar organizations -- the "Alliance of Awakened Japanese Soldiers" founded in 1939 and the "Antiwar Alliance of Japanese People in China" established by Motomu Kaji in Chongqing and its branch in Yanan. Through the education and transformation of these organizations, a number of Japanese soldiers who had laid down their arms changed their position and voluntarily joined the revolutionary army led by the Chinese Communist Party and fought side by side with Chinese soldiers against Japanese militarism.

They formed a profound friendship with the Chinese people. Many of them went to the front in northern China to carry out antiwar propaganda against the Japanese Army and to do transformation work among Japanese prisoners-of-war. Some of these Japanese comrades bravely sacrificed their lives at the front. Eiko Midorigawa was a member of the "antiwar alliance" and worked as an announcer in Wuhan and Chongqing in the radio programs for the Japanese Army. Later, she also dedicated her young life to the Chinese people. Many antiwar fighters continued to work on the frontline for Sino-Japanese friendship after they returned home from China.

It should be pointed out that the development of Sino-Japanese friendship activities since the founding of the new China has not always been smooth. Due to the obstruction of the Japanese Government then in power, the fourth round of Sino-Japanese nongovernmental talks on a trade agreement was suspended three times beginning in October 1956. An agreement could not be reached until March 1958 in setting up a trade representative office in each other's country, allowing the use of secret code in telecommunications, and flying the national flag on the building of the representative office. However, before the ink was dry, the Japanese cabinet headed by Nobusuke Kishi openly opposed the terms of the agreement. As a result, the signed agreement could not be implemented. Shortly after that, the "national flag incident" occurred in Nagasaki, where an exhibition of Chinese stamps and paper cut-outs was held. They tore down the Chinese national flag and created a political incident which insulted China's national dignity. On 11 May, Vice Premier Chen Yi, who was also Chinese minister of foreign affairs, issued a statement, strongly protesting the Japanese cabinet's hostile action against the Chinese people and announcing the adoption of corresponding measures. During a period following that incident, non-governmental exchanges between the two countries came to an almost complete halt. The development of the situation aroused deep indignation among the Chinese people and also greatly shocked the ruling circles and the general public of Japan.

The friendly personages, old and new, in Japanese trade and cultural circles, as well as farsighted politicians, went into action to reverse the crisis in Sino-Japanese relations.

On 11 June 1958 the Chinese side informed the Japanese side that the time limit for the nongovernmental Sino-Japanese fishery agreement would no longer be extended and that, in order to restore relations, the Japanese Government should explicitly recognize the "three political principles": 1) Refrain from carrying out policies hostile to China; 2) refrain from creating "two Chinas"; and 3) refrain from, obstructing normalization of relations between the two countries.

In trade, Premier Zhou put forward a popular method of "giving special treatment in goods and materials" to Japanese small and medium-sized enterprises in difficulty in order to prevent the complete suspension of nongovernmental Sino-Japanese trade. A year later, Premier Zhou again put forward the three trade principles, calling for "governmental agreements, nongovernmental contracts, and special treatment for individual cases." He pointed out that if agreements should be signed at all, they should be governmental agreements, because the implementation of non-governmental agreements could not be guaranteed. Numerous Japanese enterprises expressed their support for this and, on the basis of recognizing the "three political principles, the three trade principles, and the principle of not separating politics from economics," were willing to restore and develop trade relations with China and to apply for the status of "friendly business enterprises." From then on, nongovernmental Sino-Japanese trade, which had been almost suspended, advanced from the stage of purely "giving special treatment in goods and materials" to one of engaging in friendly trade. The prevalence of "friendly business enterprises" and "friendly trade" played an indelible and important role in stimulating the development of Sino-Japanese relations.

This Accords With the Desires of the People and the Tide of History.

After the Nagasaki incident, some people with insight in the Liberal Democratic Party recognized the gravity of the situation and their heavy responsibilities. Taking a realistic view of the situation, they came out bravely to turn the tide and made useful contributions in keeping with the trends of the times and the will of the people. They were none other than Kenzo Matsumura, a well-known politician of the Liberal Democratic Party who had been minister of agriculture, forestry, and fisheries and Minister of Education, and Tatsunosuke Takasaki, former director general of the Economic Planning Agency.

After visiting China in October 1959, Matsumura again visited China in 1962 and 1964. Every time he came to China, Premier Zhou held lengthy talks with him, explaining China's position on the Taiwan issue and exploring ways to remove the obstacles on the Japanese side over the Taiwan issue in an effort to develop Sino-Japanese relations.

We still remember that Matsumura and his party arrived in China during the mid-autumn festival in 1962. Both of us helped to entertain the guests. At a party held in honor of the guests Premier Zhou said: I want to use the old Chinese saying "the flowers are beautiful, the moon is bright, and people live long" to welcome Matsumura and his party. "The moon is bright" symbolizes reunion. The people of Asia should unite. He praised Matsumura, saying that he worked hard not only to promote friendship and unity between the Chinese and Japanese peoples but also to lay a foundation for the friendship between the two peoples in generations to come. Premier Zhou said: We should see a little farther. In approaching Matsumura's visit, we should take into account not only the present but also the future.

On the evening of 19 September, at a farewell banquet in honor of Matsumura, Premier Zhou further pointed out the road to normalization of relations between China and Japan. He said: Sino-Japanese relations should be built on the basis of the three political principles, the three trade principles, and the principle of not separating politics from economics. He indicated that he agreed to adopt the methods of gradual advance and accumulation to develop the political and economic relation between the two countries in order to promote normalization of relations. Kenzo Matsumura said that upon his return he would "do his utmost to pave the way for the promotion of goodwill and friendship between China and Japan."

Soon after Matsumura returned to Japan, Tatsunosuke Takasaki led an economic delegation to China in October of the same year. After a series of negotiations between China and Japan, on behalf of both parties, Comrade Liao Chengzhi and Mr Takasaki signed a memorandum in Beijing on the evening of 9 November. The spirit of the memorandum was to further develop, in line with the aim of the talks held between Premier Zhou and Matsumura in September of the same year and on the basis of equality and mutual benefit, the long-term trade between the two countries, including the use of deferred payment on the Chinese side to import complete sets of equipment from Japan. From then on, in addition to nongovernmental friendly trade, another new channel was added to Sino-Japanese trade. The well-known "Liao-Takasaki Memorandum of Trade" (called LT trade on the Japanese side) was hailed as an "epoch-making achievement."

Undoubtedly, the actions taken by the Japanese side were supported by the Ikeda cabinet, established in the autumn of 1961. The policy which Ikeda wanted to adopt toward Sino-Japanese relations represented the policy of a growing political and economic force at that time. For this reason, it was possible for Sino-Japanese relations to gradually develop to a new half-governmental and half-civilian stage. Naturally, this also conformed to the needs of Chinese economic development. In the summer of 1962, we heard Premier Zhou say: "Our economic construction should be based on self-reliance. However, we cannot rely on ourselves for everything."

"We should also import some things. We are a little late in starting. Therefore, we should establish governmental links to ensure some guarantee."

In April 1964, Kenzo Matsumura, along with Yutaru Takeyama, Yoshimi Furui, and Yoshiheita Okazaki, visited China for the third time by ship via Qinhuangdao. The principal aim of this visit was to solve two problems: 1) the establishment of permanent liaison offices in each other's capitals by the representatives of the Liao Chengzhi office and the Yoshiheita Takasaki office; and 2) the dispatching of permanent reporters from both sides. The two sides reached an agreement and held a ceremony to exchange notes on the talks. On 13 August of the same year, the Tokyo liaison office of the Liao Chengzhi office (with Sun Pinghua as chief representative) was officially set up in Tokyo and, on 29 September, China's permanent reporters also arrived in Tokyo. From then on, Sino-Japanese relations entered a new half-governmental and half-civilian stage, which lasted until the restoration of formal diplomatic relations between China and Japan in September 1972.

It can thus be seen that without the strenuous, tortuous, unremitting, and tremendous efforts of various quarters and strata and of the farsighted politicians of the two countries for more than 2 decades after the founding of the PRC, it is impossible to imagine the current diplomatic relations between China and Japan. This phenomenon has no parallel in the history of the establishment of diplomatic relations between China and all the other capitalist countries. The fruits of protracted efforts in the past should be greatly cherished. Moreover, the protracted efforts in the past were not easy sailing and we had to wage complicated and, sometimes, acute struggles almost every step of the way. Here, there were factors of both Japan's international relations and its domestic relations. Today, when China and Japan have restored normal diplomatic relations and established friendly relations, the peoples of the two countries should still always remember the lessons of the past.

When Conditions Are Ripe, the Two Countries Restore Diplomatic Relations

On 25 September 1972, Prime Minister Kakuei Tanaka, Foreign Minister Masayoshi Ohira, and Chief Secretary Susumu Nikaido arrived in Beijing by special plane. The normalization of Sino-Japanese diplomatic relations, which had been expected by the peoples of the two countries, finally came.

Prior to Prime Minister Tanaka's visit, the Shanghai song and dance troupe, headed by Sun Pinghua, had visited Japan in July and August. On the afternoon of 15 August, after Foreign Minister Ohira had met with Sun Pinghua on two occasions and held talks with Xiao Xiangqian, chief representative of China's memorandum of trade office in Japan, Prime Minister Tanaka and Chief Secretary Nikaido met Sun and Xiao at the Imperial Hotel in Tokyo. Sun and Xiao officially relayed Premier Shou Enlai's invitation to Prime Minister Tanaka. Prime Minister Tanaka thanked Premier Zhou for his kindness and said that he had decided to visit China.

As soon as the news of the meeting was made public, it drew the attention of not only China and Japan but also the rest of the world. Prime Minister Tanaka's visit to China meant that diplomatic relations between China and Japan would soon be normalized. Its influence on the history of Sino-Japanese relations and on the international situation as a whole was self-evident.

During the visit of the Shanghai song and dance troupe to Japan, some old Japanese friends, including Chairman Yoshikatsu Takeiri of the Japanese Clean Government Party and Kazo Sasaki of the Japanese Socialist Party, frequently traveled to and fro between Tokyo and Beijing and worked hard to realize the normalization of Sino-Japanese diplomatic relations and to usher in a new high tide in Sino-Japanese relations.

It was by two special planes of Japan Airlines and All-Japan Airlines, arranged by Aiichiro Fujiyama, that the Shanghai dance troupe returned from Tokyo to Shanghai. It seemed that the flight by the two planes was exclusively arranged to carry the dance troupe, but in fact it was a trial flight as a part of the preparations for Prime Minister Tanaka's visit to China.

Since then, Sino-Japanese relations have entered a new period of rapid development. In 1972, the "Japan-China friendship craze," a widespread campaign demanding an early reestablishment of the diplomatic ties between China and Japan, boomed in the territory of Japan, from Hokkaido in the north to Okinawa in the south, from the Pacific coast in the east to the coast of the Sea of Japan in the west, and throughout cities and rural areas.

In resolutely making the decision to resume diplomatic ties between the two countries, Prime Minister Tanaka had indeed made efforts in compliance with the development of the domestic and international situation. In order to reestablish the diplomatic ties between Japan and China, however, one could not evade some historical issues. We still remember that Prime Minister Tanaka, referring to the past war in his speech delivered at the welcoming banquet, said that the war had "caused troubles" to the Chinese people. Although the expression "causing troubles" does not carry completely identical meanings in the Japanese and Han languages, this act of playing down such a major issue was unacceptable. Therefore, at the summit talks held the next year, Premier Zhou seriously pointed out: The remark which merely admitted that the war of aggression launched by the Japanese militarism had "caused troubles" to the Chinese people could not be accepted by the latter and would even arouse a strong aversion among them, as the war had brought untold suffering to both the Chinese and Japanese peoples. Later, in the joint declaration by the Chinese and Japanese Governments, the Japanese side used different wording to refer to the issue, saying that Japan "keenly felt" that she was responsible for the war and would make a "profound self-examination." As far as the question of China's relinquishment of the right to claim war reparation was concerned, Premier Zhou pointed out: It is in the interests of the friendly relations between the Chinese and Japanese peoples that China, after all other major issues are solved, announces of her own free will that she will relinquish the right to the claim war reparation (the fait accompli presented by the Chiang Kai-shek administration, which took the initiative in illegally announcing the relinquishment of the right to claim war reparation, must also be taken into account). The Chinese people, who themselves had suffered from paying war reparations, did not want to add to the economic burden on the Japanese people, who were making efforts to reestablish the friendly relations between the two neighboring countries. The talks were carried out in a harmonious atmosphere and it did not take too long for the two sides to reach an agreement on the normalization of relations between the two countries. The Japanese side declared that it fully understood the three principles concerning the reestablishment of diplomatic ties put forth by China (namely, the PRC is to be recognized as the sole legitimate government of China; Taiwan is an inseparable part of the Chinese territory; and the Japan-Taiwan treaty, which is illegal and invalid, must be annulled.) On 29 September, the heads of the two governments signed the joint declaration and officially announced the reestablishment of the diplomatic ties between the two countries. Shortly thereafter, Foreign Minister Masayoshi Ohira announced the "annulment" of the Japan-Taiwan treaty and the termination of diplomatic relations between Japan and Taiwan. We must never forget that this solemn moment was the fruit won by many of our predecessors at the cost of their painstaking efforts or even their lives!

Concerted Efforts Made by the Governments and the Peoples

The relations between China and Japan have developed year after year since the reestablishment of diplomatic ties between the two countries. China and Japan have signed substantive accords in the fields of trade, aviation, fishery, sea transport, culture, science and technology, tariffs, and so on.

The governmental and nongovernmental friendly intercourse between the two countries has been extended to various fields, such as politics, economy, science and technology, culture and education, and so on, its influence being unprecedentedly profound and extensive in the history of Sino-Japanese relations.

On 12 August 1978, China and Japan concluded a peace and friendship treaty in Beijing. This was another milestone of great significance in the history of the development of Sino-Japanese relations. This treaty not only completely conformed to the fundamental interests of the two peoples but was of far-reaching significance to the peace and stability of Asia and the world. Bound by the treaty, the friendly relations between China and Japan have had a more solid foundation ever since.

In October of the same year, Deng Xiaoping, vice premier of the State Council, made a goodwill visit to Japan to exchange the instruments of ratification for the treaty. On 23 October, the ceremony to exchange the instruments of ratification was solemnly held at the official mansion of the prime minister in Tokyo, and thus the Sino-Japanese peace and friendship treaty officially came into effect.

The reestablishment of diplomatic relations between China and Japan and the conclusion of the peace and friendship treaty have paved the way for the development of trade based on the principles of equality and mutual benefit. Consequently, the cooperation between the two countries in the fields of economy, technology, and the energy industry has been constantly developing. In the year 1982, which marked the 10th anniversary of the reestablishment of diplomatic ties between China and Japan, the annual volume of trade between the two countries exceeded \$10 billion, 10 times the volume recorded in 1972, before the reestablishment of Sino-Japanese diplomatic ties, and accounting for nearly a quarter of China's total foreign trade volume. In 1979, the two countries signed a long-term trade agreement. In the same year, the Japanese Government began to provide China with long-term low-interest-rate government loans and gratuitous aid, while China supplied Japan with coal and oil, which the latter lacked.

Since the reestablishment of diplomatic relations between China and Japan, leaders of the two countries have visited each other many times, and a regular consultative meeting system has been set up between governmental departments of the two countries. These developments are of great significance to strengthening mutual understanding and trust.

Comrade Deng Yingchao and Premier Zhao Ziyang visited Japan separately in 1979 and 1982, and General Secretary Hu Yaobang visited Japan in November 1983. Through the talks between General Secretary Hu Yaobang and Prime Minister Nakasone, a new principle was added to the three principles governing Sino-Japanese relations formerly confirmed by the two countries during Premier Zhao Ziyang's visit to Japan (namely, peace and friendship, equality and mutual benefit, and long-term stability) that is, the principle of mutual trust was adopted to form the third of the four principles. The two sides declared that they would make efforts to open up a new era of Sino-Japanese friendship based on the four principles, and decided to set up a "21st Century Committee for Sino-Japanese Friendship," which was to be aimed at future development.

While bilateral relations are promoted through governmental channels, traditional non-governmental friendly intercourse has constantly developed. A system of regular meetings of nongovernmental circles has been set up between the two countries. Frequent non-governmental intercourse has been promoted in various forms. "Wings of friendship" has become an air link to develop friendship and relations, while the "ship of friendship" has shortened the distance between the two countries, which are separated only by a strip of water.

The relations between friendly cities, provinces, and counties have mushroomed. So far more than 80 pairs of cities, provinces, or counties have established friendly ties of this type, among them large and medium-sized cities of the two countries, as well as Shaoxing County, which is the home county of the late Premier Zhou Enlai; Fukuko-cho of Toyama-ken, the home town of the late Kenzo Matsumura; Ashihara-cho, of Fukui-ken, the home town of Genkyuro Fujino, who was a revered teacher of Mr Lu Xun; Leshan City of Sichuan Province, the home city of Comrade Guo Moruo; and Ichikawa-shi of Chiba-ken, where Comrade Guo Moruo lived for a long time during his stay in Japan. The contacts between Chinese and Japanese people have also become more and more frequent, and the number of Japanese visitors to China has constantly ranked first among visitors from other countries. Here we would like to mention one event in particular: in April 1980, Kojun Morimoto, an elder at Toshotei Temple in Nara, Japan, fulfilled his long-cherished wish by personally escorting, despite his advanced age of 79, the statue of Master Jianzhen, a well-known Chinese Buddhist monk of the Tang Dynasty, more than 1,200 years ago, and the very builder of that temple, on a "home visit" to Yangzhou. Thanks to the help of the Chinese and Japanese circles concerned, Mieko, a Japanese girl who had been rescued by General Nie Rongzhen somewhere near Shijiazhuang during a battle against the Japanese aggressors, met her benefactor in China again 40 years after. In May 1982, people in Sichuan Province rescued Hironari Matsuda, a member of a Japanese mountaineering team, who had been missing for 19 days after falling from Gongga Shan and who was in critical condition. All these things have been passed on by word of mouth with general approval among the Chinese and Japanese peoples.

The friendly cooperation between China and Japan in the academic and cultural fields has also attained an unprecedentedly high level. There have been unprecedentedly frequent exchanges between Chinese and Japanese academic and cultural organizations in various fields, such as the natural sciences, social sciences, education, sports and physical culture, publishing, literature, theater, cinema, fine arts, religion, agriculture, horticulture, calligraphy, the tea ceremony, flower arrangement, and so on. The numbers of exchange scholars and joint research projects sponsored by the Chinese Academy of Sciences, the Chinese Academy of Social Sciences, and the Japanese academic research organizations concerned have increased year after year, while governmental and nongovernmental exchanges and cooperation between the two countries in the educational field have also developed constantly. The number of exchange students between China and Japan keeps on increasing and there are more frequent exchanges of visits between the education circles of the two countries. By the end of 1984, nearly 60 Chinese universities and colleges had established intercollegiate ties with more than 50 Japanese universities and colleges. Also there are closer and closer contacts between sports and physical culture organizations of the two countries since the reestablishment of diplomatic ties, and this has played a great part in promoting the level of sports in the two countries (of course we will never forget Hirobumi Omatsu, the well-known coach of the Japanese women's volleyball team, who made valuable contributions to the growth of the Chinese women's volleyball team; and what is more, the 31st world table-tennis tournament, held in Japan in 1971, played a certain role in making a breakthrough in Sino-U.S. relations). There are also new developments in the exchange between the theatrical circles of the two countries. In September 1983, the performance troupe attached to the Beijing People's Art Opera House performed "Tea House," a drama by Mr Laoshi, for the first time in Japan; and in September this year, the performance troupe attached to the Shanghai People's Art Opera House also performed in Japan the drama "Home," which was adapted from a novel by Ba Jin. The performances by both troupes were warmly received by the Japanese audiences.

To hand down the friendship between the people of the two countries from generation to generation, China and Japan attach great importance to exchanges between the youth of the two countries. The visit to China by 3,000 Japanese youths in September last year and the visit to Japan by 500 Chinese youths which will soon take place are the continuation and development of the 1965 Sino-Japanese youth gathering.

Most of the Japanese youths who took part in the Sino-Japanese gathering last year had come to China for the first time. Through sightseeing and visiting various places, they enhanced their understanding of China and established friendship with Chinese youth. Many of them left China with eyes brimming with tears. History will prove that such large-scale exchange visits will be of far-reaching significance in the development of the friendly relations between the people of the two countries.

It Is Necessary To Make Joint Efforts To Safeguard Our Hard-earned Friendship

"A lofty tower is built up from the ground." The Sino-Japanese tower of friendship has been built brick by brick, by and through protracted efforts by the pioneers and people of the two countries. At a return banquet hosted by Prime Minister Tanaka on the evening of 28 September 1972, Premier Zhao Enlai said in his toast: "At this historic moment, on behalf of the Chinese people, I would like to express our heartfelt thanks to the Japanese friends who have made contributions to, and even sacrificed their lives for, Sino-Japanese friendship and the normalization of Sino-Japanese relations." Apart from the Japanese comrades-in-arms who sacrificed their lives in the war against Japanese aggression, these Japanese friends include Inejiro Asanuma, former chairman of the Japanese Socialist Party. This dauntless fighter, who devoted his efforts to Sino-Japanese friendship, was assassinated by a reactionary on the rostrum of the Tokyo Hibiya Hall on 12 October 1960, the year after he returned from a visit to China in 1959. He laid down his life for the friendship between the peoples of the two countries.

After the resumption of Sino-Japanese relations, Premier Zhou Enlai taught us that "when we drink water from a well, we should never forget the well diggers" and that we should always remember old friends and look for new friends. Once, while reporting our work to Premier Zhou, we talked about the care and assistance the Japanese Matsuyama ballet troupe gave to the Shanghai ballet troupe during its visit to Japan 1972. In particular, we referred to Tetsutaro Shimizu, the only son of Masao Shimizu, head of the Matsuyama ballet troupe, and another actor, Yoshiaki Sotosaki, by name. Every time we put on a performance, they stood on either side of the stage, ready to help in case anything happened unexpectedly or to give help if a Chinese actor suddenly fell ill and could not perform. Moved by their deeds, Premier Zhou said that we should thank Masao Shimizu, Mikiko Matsuyama, and the Matsuyama ballet troupe for their kindness and their great contributions to the development of Sino-Japanese friendship. Premier Zhou added that Mikiko Matsuyama and the Matsuyama ballet troupe, rather than ourselves, were the first to adapt the Chinese opera "The White-haired Girl" into a ballet. We should learn from them and thank them.

Speaking of "well diggers," we should not forget Kinkazu Saionji, "nongovernmental ambassador" to Beijing in the 1950's; Hisao Kuroda, former chairman of the Japan-China Friendship Association; Seimin Miyazaka, chairman of its board; Tokuba Utsunomiya, present chairman of the association; Shozo Murata and Kazuo Suzuki, who devoted their efforts to the development of Sino-Japanese trade; and Kanzo Uchiyama, Lu Xun's friend, who visited China in October 1959 and died of illness in Beijing. There are many more that could be mentioned, but our space is limited. So we have cited only some of them.

On 23 October 1972, a group of Japanese friends came to Beijing at the invitation of the China-Japan Friendship Association and the China Council for the Promotion of International Trade. They held a grand gathering in celebration of the normalization of Sino-Japanese relations and the development of nongovernmental contacts, in which some 500 representatives of friendly organizations in Japan took part.

Premier Zhou met the main responsible persons of the delegation and expressed his thanks for the consistent efforts they had devoted to the normalization of Sino-Japanese relations. The gathering was held in the golden season of autumn. The chrysanthemums in the banquet hall were fragrant and refreshing. Before leaving the banquet hall of the Great Hall of the People, Premier Zhou took two chrysanthemums from a table and gave them to two famous actresses Haruko Sugimura and Mieko Takamine, who were also members of the Japan-China Cultural Exchange Association. He said: "You have made great contributions. I hope you will make further efforts to keep the friendship flower of China and Japan in full bloom forever!" The participants were moved and inspired by all this.

The fruit of Sino-Japanese friendship is an embodiment of the painstaking efforts of countless "well diggers." The people of the two countries have every reason to love and treasure the fruit of Sino-Japanese friendship, which has not been obtained easily. They have no reason to harm it or to allow others to harm it by resorting to ill means.

The development of Sino-Japanese friendly relations is in an important period. We have said that China and Japan and the people of the two countries wish to promote friendly relations. But we do not mean that the forces in Japan which are opposed to Sino-Japanese friendship and are trying to beautify the aggressive war and restore militarism have been eliminated or that everyone in Japan is willing to abide by the joint statement of the two countries, the peace and friendship treaty, and the four principles established by the two countries or that the prospects for Sino-Japanese friendship will be smooth-sailing, or that there will be no more contradictions and controversies. History over the past 10 years has proved that everything has two sides. It is impossible that relations between the two countries will only have a bright side and not a dark one. The process of Sino-Japanese relations was in itself a protracted and complicated process of struggle. Differences of opinion also emerged after the resumption of Sino-Japanese relations. The textbook incident in 1982 and the Yakusuni Shrine visit, which took place earlier this year, are examples known to all. Differences of opinion also exist in the economic relations between the two countries. With regard to these differences, Chairman Dang Xiaoping, Premier Zhao Ziyang, and General Secretary Hu Yaobang have on different occasions explicitly clarified China's stand and principles. China has affirmed that Sino-Japanese friendly relations have important bearings on peace and stability in Asia and the world, that these relations are the product of the protracted and arduous struggle carried out by the people of the two countries, and that it is necessary to treasure and safeguard them. In the meantime, China has pointed out the two countries must observe all the documents and agreements formally signed by the two governments since 1972, that the two countries must properly handle all disputed problems according to the principle of equality and mutual benefit, and that neither side should do anything detrimental to the people of the two countries. The Japanese side has clarified time and again that it has examined itself for the past war which brought misfortune to the Chinese people, that it will never traverse the militarist road again, and that it will hold firm to Sino-Japanese friendship according to the joint statement, the peace and friendship treaty, and the agreements signed by the two governments. We hope that the Japanese side will put their promise into practice in order to ensure the smooth development of Sino-Japanese relations. In addition, in spite of some setbacks, the main trend of contacts between the two countries since the resumption of their relations has been progressing. Various problems are to be expected in the development of Sino-Japanese relations. Therefore it is necessary for the people of the two countries to make further efforts to safeguard Sino-Japanese friendship. Otherwise, a small number of Japanese militarists will succeed in realizing their desire, and this will be detrimental to the fundamental interests of the people of the two countries.

For the sake of the painstaking efforts of countless forerunners of the two countries and to hand down the friendship between the people of the two countries from generation to generation, and to maintain peace in Asia and the world, the people of the two countries should work in full cooperation, treasure and safeguard Sino-Japanese friendly relations, which have been established through arduous struggle, and create a brighter future for these relations!

JAPANESE WELCOME CHINESE YOUTH DELEGATION

OW272039 Beijing XINHUA in English 1852 GMT 27 Oct 85

[Text] Fukuoka, October 27 (XINHUA) -- More than 100 Japanese gathered this evening in Hakata's Zennichishita Hotel to welcome the 500-member Chinese youth delegation which arrived in Japan by ship. The party was organized by the Chugoku, Shikoku and Kyushu welcome committee and the national welcome committee, both set up specially for the young Chinese visitors.

Kazuteru Saionji, representative from the national welcome committee, said during the reception meeting that youths in China and Japan are successors to the great cause of Sino-Japanese friendship. He said it is his belief that the visit by the Chinese delegation will help further the friendship between the two countries from generation to generation. He added, the young generation will stride into the next century, and it is their duty to take over the torch of friendship of their forerunners and keep it burning forever and ever.

DPRK VICE PREMIER MEETS PRC TRADE DELEGATION

OW280448 Beijing XINHUA Domestic Service in Chinese 1528 GMT 27 Oct 85

[By reporter Gao Haorong]

[Text] Pyongyang, 27 Oct (XINHUA) -- Kim Pok-sin, alternate member of the Workers Party of Korea Central Committee Political Bureau and vice premier of the State Administration Council, met here today with a Chinese economic and trade delegation headed by Shi Lin, and they had a cordial and friendly conversation.

The Chinese economic and trade delegation took part in activities held to mark the 35th anniversary of the Chinese People's Volunteers' entry into the war in Korea.

Vice President Yi Chong-ok conferred a medal on the delegation on 26 October.

U.S. BANKER ADDRESSES HONG KONG CONFERENCE ON PRC

OW282040 Beijing XINHUA in English 1653 GMT 28 Oct 85

[**["Foreign Investment in China's Energy Promising: Banker" -- XINHUA headline]**

[Text] Hong Kong, October 28 (XINHUA) -- The prospects for foreign investment and financing in energy and resources developments in China are bright, said a U.S. banker here today.

Addressing a conference on "financing major projects in the People's Republic of China," John Chu, vice-president of Bank of America and head of the bank's Hong Kong-based People's Republic of China office, expressed optimism about medium- and long-term prospects for such projects in China, adding that the outlook for coal is also quite favorable.

Predicting that over five billion U.S. dollars will be needed in the next few years for the development of new coal mines and the renovation of existing mines, Chu pointed out that opportunities for foreign investment and foreign financing in this area appear to be promising.

Thermal coal import demand in the Pacific rim -- a natural market for China -- is expected to more than double by 1990, to over 100 million tons per year, Chu noted.

He said that a number of power stations will be built in the next five years, with a total of installed capacity of 18 million kw to improve the power supply in China's coastal regions, adding that three nuclear power plants have been planned for Guangdong, Zhejiang and Jiangsu Provinces, respectively.

China will be able to attract sufficient funds to meet its anticipated development needs because of her low external debt, compared to other developing countries, and satisfactory record involving loan projects.

Noting that foreign investment depends on a combination of the terms offered and industry perceptions that those terms or others just as attractive will remain in force, Chu said that the Chinese Government is aware of this, and its record of honoring commitments is good.

The Chinese Government has made considerable progress in overcoming such constraints to foreign investment as excessive bureaucracy, an inadequate legal system, shortage of skilled labor, and problems in energy, transportation and telecommunications infrastructure, Chu noted.

PRC-AUSTRALIAN CULTURAL EXCHANGE PROGRAM SIGNED

OW261356 Beijing XINHUA in English 1327 GMT 26 Oct 85

[Text] Beijing, October 26 (XINHUA) -- An implementing program for cultural exchange under the agreement on cultural cooperation between the Governments of China and Australia in 1986 and 1987 was signed here this afternoon.

According to the program the two countries will strengthen exchanges in culture, arts, education, books, publishing, press, television and film in the next two years.

Present were Lu Zhixian, vice-minister of culture, and Max Loveday, leader of the Australian delegation of the Sino-Australian Joint Committee.

REPORTAGE ON VISIT OF FRG FOREIGN MINISTER

Arrives in Beijing

OW271507 Beijing XINHUA in English 1453 GMT 27 Oct 85

[Text] Beijing, October 27 (XINHUA) -- Hans-Dietrich Genscher, vice chancellor and minister of foreign affairs of the Federal Republic of Germany, arrived here this evening for a four-day visit to China.

Talks With Wu Xueqian

OW281447 Beijing XINHUA in English 1434 GMT 28 Oct 85

[Text] Beijing, October 28 (XINHUA) -- Chinese State Councillor and Foreign Minister Wu Xueqian and Vice Chancellor and Foreign Minister of the Federal Republic of Germany Hans-Dietrich Genscher held talks here today to exchange views on bilateral relations and major world issues. Their talks were described by sources close to the talks as being conducted in a "sincere and friendly" atmosphere.

Genscher briefed the Chinese foreign minister on the industrial and technological revitalization in Europe and a growing European consciousness. The "Eureka" high-technology research program, a demonstration of the reawakening of Europe, is full of vitality, he added. He spoke highly of China's policy of opening to the rest of the world, economic restructuring and increasing role in the world. He emphasized that Europe is a good partner of China for cooperation.

Wu briefed Genscher on China's economic restructuring. He paid tribute and expressed support for the strengthening of the European consciousness and the "Eureka" program. The unity of a China advancing through reform with a more united and stronger Europe would constitute an important force for safeguarding world peace, he remarked.

The two foreign ministers expressed satisfaction over the smooth development of the diversified friendly cooperation between the two countries in recent years.

Wu Xueqian Hosts Banquet

OW281646 Beijing XINHUA in English 1631 GMT 28 Oct 85

[Text] Beijing, October 28 (XINHUA) -- Hans-Dietrich Genscher, vice-chancellor and foreign minister of the Federal Republic of Germany, was entertained at a banquet here this evening given by Chinese State Councillor and Foreign Minister Wu Xueqian.

In his toast, Wu said that there is no conflict of fundamental interests between China and Federal Germany. The two countries have common interests in and share identical or similar positions on the issues of peace and development, which have an important bearing on the destiny of mankind.

Both countries, Wu said, oppose the exercise of power politics and hegemonism, and the escalation of the arms race; both sincerely hope that realistic measures will be taken for disarmament and a relaxation of world tension. They both maintain that, Wu continued, the affairs of a country should be decided by its own people, international relations should be established and developed on the basis of mutual respect, equality and mutual benefit, and small and medium-sized countries should play their own roles in contributing to world peace and international cooperation.

Wu praised Federal Germany for its constructive attitude toward developing relations with Third World countries and for its consistent efforts in furthering the unity and strength of Western Europe. He said that political consultations between the two countries at various levels are continuing in a more profound way, while contacts between the two peoples in various fields are becoming more frequent. Economic and technical cooperation between the two countries is becoming more broadly-based. Federal Germany is now China's No. 1 trading partner in Western Europe, he added. [Beijing XINHUA Domestic Service in Chinese at 1501 GMT on 28 October carries a report on PRC Foreign Minister Wu Xueqian's banquet honoring FRG Vice Chancellor and Foreign Minister Genscher which adds...Cultural exchange has become increasingly colorful and scientific and technological cooperation has been developing both broadly and profoundly.]

Genscher replied that the relationship between the two countries is friendly, positive and full of trust. He said that the volume of trade between the two countries had exceeded five billion marks for the first time last year, and a big increase is also expected this year. He expressed the hope that government departments and private businesses in Federal Germany would make full use of cooperation agreements signed by the two countries in recent years to promote economic and technical cooperation. He praised China for its independent foreign policy, and [The Chinese version adds... for its constructive...] contributions to eliminating world tension and safeguarding world peace. He also said that Federal Germany holds great expectations for the forthcoming U.S.-Soviet summit meeting in Geneva next month.

Meets Deng Xiaoping

OW291008 Beijing XINHUA in English 0940 GMT 29 Oct 85

[Text] Beijing, October 29 (XINHUA) -- Senior Chinese leader Deng Xiaoping today approved of closer ties between East and West Europe, noting that neither side wanted any part in the "war train."

Deng, chairman of the Communist Party Central Advisory Commission, was speaking at a meeting here with Hans-Dietrich Genscher, vice-chancellor and foreign minister of the Federal Republic of Germany. During the 80-minute meeting at the Great Hall of the People, the two leaders discussed Sino-European relations and the prevention of war.

Deng said that both Western and Eastern Europe were forces for preventing war. "We know the Europeans do not want war," he said. "They hope the disaster of war will not fall on their heads." Although Eastern and Western Europe belonged to two different blocs, they were not willing to get tied up in the "war train." He told Genscher that China attached great importance to co-operation with Europe, which was based on this analysis.

Genscher said that although Eastern and Western Europe were different in social systems and ideology, and belonged to different blocs, they wished to strengthen co-operation, ease tension and avoid cold war. This was because both sides realized they were Europeans.

Deng said: "This is a good tendency."

Genscher told Deng that the changes he could see in China were "very big" compared with what he saw during his third visit here in 1981. "I see a more active China," he said.

After briefing Genscher on China's development plans, Deng said the future was bright for both China and Europe.

Genscher agreed, and said that while China was realizing its own strength, the Europeans were also beginning to become aware of their identity and the role Europe should play in the world.

Deng said that he hoped to see a developed China and a strong Europe. "We hold that China is a force for safeguarding world peace," he said. "The development of China means strength increasing for safeguarding world peace and preventing war."

During their talks, Genscher briefed Deng on the background to the "Eureka" high-technology program. Deng approved the program and wished it success. He hoped there would be further co-operation between China and Europe, and also hoped that the European people would understand that China's development would be beneficial to Europe, just as Europe's development was beneficial to China.

Present at the meeting was Wu Xueqian, Chinese foreign minister and state councillor.

Earlier, Hu Qili, member of the Political Bureau of the Chinese Communist Party Central Committee, and Vice-Premier Li Peng met Genscher separately.

Hu told Genscher there had been frequent meetings between Chinese and Federal German leaders since the two countries established diplomatic relations in 1972. They had founded friendship and mutual trust.

Li and Genscher exchanged views on bilateral economic and technical co-operation and cultural exchanges.

HU QILI MEETS SPANISH COMMUNIST DELEGATION

OW281619 Beijing XINHUA in English 1543 GMT 28 Oct 85

[Text] Beijing, October 28 (XINHUA) -- Hu Qili, Political Bureau and Secretariat member of the Chinese Communist Party Central Committee, met here this afternoon a delegation from MUNDO OBRERO (WORKERS' WORLD), organ of the Spanish Communist Party Central Committee.

The delegation is led by Jose Sandoval Moris, Executive Committee and Secretariat member of the Spanish Communist Party Central Committee and director of MUNDO OBRERO.

Hu briefed the visitors on China's economic restructuring.

Sandoval expressed the belief that China's economic restructuring would speed up China's socialist modernization drive.

The delegation arrived here on October 17 for a goodwill visit at the invitation of the board of PEOPLE'S DAILY, organ of the Chinese Communist Party Central Committee. It will leave here for home tomorrow.

PLA'S YANG DEZHI RETURNS FROM ITALY, TURKEY

OW281749 Beijing XINHUA in English 1638 GMT 28 Oct 85

[Text] Beijing, October 28 (XINHUA) -- Yang Dezhi, chief of General Staff of the Chinese People's Liberation Army, and his party returned here today after visiting Italy and Turkey.

FURTHER REPORTAGE ON TIAN JIYUN'S AFRICAN TOUR

Meets Algerian President

OW270643 Beijing XINHUA in English 0630 GMT 27 Oct 85

[Text] Algiers, October 26 (XINHUA) -- Algerian President Chadli Bendjedid told Chinese Vice-Premier Tian Jiyun here today that his country sincerely hoped for closer cooperation with China. During their meeting, Bendjedid and Tian discussed ways to develop the friendly cooperation between the two countries as well as world issues of common concern. The Chinese vice-premier arrived here on October 22 for an official friendly visit, the first leg of his five-nation African tour.

Bendjedid stressed the bright prospects for developing such a cooperation on the basis of mutual trust. Tian said that China attaches great importance to the friendly cooperation with Algeria, and expressed confidence that this cooperation would be expanded in many forms. At the meeting, Tian handed Bendjedid a letter from Chinese chairman Li Xiannian.

On October 23, Political Bureau member of the Algerian National Liberation Front Mohamed Cherif Messaadia [name and title as received] also met with the Chinese vice-premier. On October 24, Tian and his party visited the Skikda petro-chemical area in eastern Algeria.

Departs Algeria for Tunisia

OW271558 Beijing XINHUA in English 1527 GMT 27 Oct 85

[Text] Algiers, October 27 (XINHUA) -- Chinese Vice-Premier Tian Jiyun left here today for Tunis at the end of his five-day friendly official visit in this country. Before leaving, Tian expressed his satisfaction with the positive results of the talks with the president Chadli Bendjedid and other Algerian leaders. Their talks covered international issues, bilateral relations and the development of bilateral economic and technical cooperation in particular, he said. "We have agreed on cooperation in some important projects," said the vice-premier.

An agreement on economic and technical cooperation between China and Algeria was signed after the talks. Under the agreement, the two parties, will explore and exploit all possibilities and forms of economic and technical cooperation in accordance with the principles of equality and mutual benefit.

The two countries will hold further discussions on economic, commercial and scientific and technological cooperation early next year.

Arrives in Tunisia 27 Oct

OW271626 Beijing XINHUA in English 1610 GMT 27 Oct 85

[Text] Tunis, October 27 (XINHUA) -- Chinese Vice Premier Tian Jiyun arrived here today from Algeria to confer with Tunisian leaders on international issues of common interest and economic cooperation between the two countries. Tian told pressmen upon his arrival at the airport that he was very happy to pay a visit to the country. He also said that the two peoples have a traditional friendship towards each other and that the friendly cooperation between the two countries has been developing smoothly since the establishment of their diplomatic relations.

He pointed out, "The purpose of my visit is to enhance the friendship between the two countries and also to exchange views on bilateral relations and international issues of common interest, especially on the expansion of economic cooperation between the two countries."

Tian is to be received by Tunis President Habib Bourguiba and will have talks with Tunisia Premier Mohamed Mzali and other government officials. After his three-day visit here, Tian will continue his Mideast-African tour, to Morocco, Libya and Kenya.

Receives Medal From Bourguiba

OW281813 Beijing XINHUA in English 1514 GMT 28 Oct 85

[Text] Tunis, October 28 (XINHUA) -- Tunisian President Habib Bourguiba met here today Chinese Vice-Premier Tian Jiyun and decorated him with a first-class medal of the Republic.

President Bourguiba told the Chinese vice-premier that he is very glad to know that an agreement has been signed to exchange Tunisia's phosphate for China's cotton and wheat.

Tian paid high tribute to the president's contributions to Tunisia's national construction and the national liberation movement in Arab and Africa. He said China strongly denounced Israeli barbarous aggression against Tunisia by bombing the PLO Headquarters in Tunis and China firmly supported Tunisia's stand for the just cause of Palestine.

Both President Bourguiba and Vice-Premier Tian expressed the hope that the cooperation between the two countries would be strengthened.

Meets Tunisian Prime Minister

OW290412 Beijing XINHUA in English 0323 GMT 29 Oct 85

[Text] Tunis, October 28 (XINHUA) -- China and Tunisia are satisfied over their friendly relations and will make greater efforts to boost their cooperation. This was made clear by Tunisian Prime Minister Mohamed Maali and visiting Chinese Vice Premier Tian Jiyun at a meeting here today.

During their meeting, Prime Minister Mzali condemned Israel's aggressive acts and reiterated his country's firm support to the Palestinian cause.

The Chinese vice premier appreciated Tunisia's stand toward the Palestinian issue and said China will side by the Tunisian government in its efforts to defend its country. Tian praised the role played by Tunisia in promoting Arab unity and peace in the region.

Mzali expressed the hope that the two countries will work for closer cooperation and further boost their barter trade. He cited the joint projects between Tunisia, China and Kuwait as an example of South-South cooperation.

Tian said he believed that cooperative ties between the two countries will surely be further strengthened. He pointed out that further studies should be conducted on ways and means to reach the end. Tian arrived here from Algeria Sunday on the second leg of his five-country tour, which will also take him to Morocco, Libya and Kenya.

'ADVERSE CURRENT' EXISTS AGAINST MIDEAST PEACE

OW271315 Beijing XINHUA Domestic Service in Chinese 0736 GMT 23 Oct 85

[Commentary: "An Adverse Current in the Middle East Peace Process," by XINHUA reporter Zhao Zhong]

[Excerpts] Cairo, 23 Oct (XINHUA) -- In the Middle East peace process, there has always existed an adverse current, the purpose of which, in the words of 'Arafat, chairman of the PLO Executive Committee, is to "dicsard the Palestinian people," "strangle the PLO," and solve the Middle East problem according to the U.S.-Israeli blueprint. This adverse current has become rather intensified recently.

As early as last August, the United States, acting against what it had said, refused to meet with PLO representatives and, at the same time, put forward a harsh requirement; namely, the PLO should first recognize Israel openly and unequivocably, as a prerequisite for its consideration of a meeting with the PLO representatives in a joint Jordan-Palestine delegation.

A new upsurge in the adverse current occurred on 1 October, when Israel bombed the PLO headquarters in Tunisia in an attempt to wipe out the leading body of this organization by violent forces. In the wake of this, the British secretary of state for foreign and commonwealth affairs called off a scheduled meeting with the Jordan-Palestine delegation in London just 1 hour before the meeting. Despite the various explanations given by the British side, it is generally believed from the available information that the meeting was canceled because Britain yielded to the U.S. and Israeli pressure and had some under-the-table dealings with them behind the back of the Palestinian representatives with the intention to deal a blow to the PLO.

In the meantime, the United States, in coordination with Israel, went all out to advertise that the PLO was a "terrorist organization" by taking advantage of the incident in which an Italian cruise ship was hijacked. What is more, the United States sent out its warplanes to openly intercept an Egyptian passenger aircraft and proclaimed that it would give a blow to the PLO and arrest 'Abbas, a member of the PLO Executive Committee. Apart from this, the United States exerted pressure on the UN General Assembly to force it not to receive 'Arafat as a participant in the commemorative activities of the United Nations' 40th founding anniversary.

In addition, the United States has collaborated with Israel to divide Jordan and the PLO so that they would not take any joint action. On 21 October, Israel Prime Minister Peres dished up the so-called "7-point new proposal" for solving the Middle East problem, unequivocably suggesting that negotiations be held unconditionally with Jordan and other Arab countries, while ruling out any possibility of negotiating with the Palestinian people, let alone the PLO. All this boils down to one point: The PLO should not be allowed to exist as the Palestinian people's sole legitimate representative, and the Palestinian people should not enjoy their national rights they legally deserve.

It is true that under the impact of the present adverse current, the Palestinian people and the PLO are indeed under unprecedeted pressure and confronted with various difficulties. In particular, there are differences at present among the Arab countries and within the PLO on the question of how to achieve peace in the Middle East. However, as long as the Palestinian people have not regained their legal rights and cannot live a happily life on their own legitimate land, the Palestinian problem will continue to exist. The U.S.-Israeli collaboration trying to wipe Palestine completely off the map can only evoke still stronger resistance from the Palestinian people.

REPORTAGE ON VISIT TO COLOMBIA OF ZHAO ZIYANG

Welcomed by Colombian President

OW282238 Beijing XINHUA in English 2218 GMT 28 Oct 85

["Chinese Premier Arrives to Warm Welcome in Bogota" -- XINHUA headline]

[Text] Bogota, October 28 (XINHUA) -- The Republic of Colombia greeted Chinese Premier Zhao Ziyang with full military honor at an official welcoming ceremony at the Bogota Catam Military Airport soon after the Chinese leader flew in here at 14:25 (local time).

Zhao's current official and goodwill visit is the first of its kind to Latin America by a Chinese head of government since the founding of the People's Republic of China in 1949. Colombia is the first stop of his 16-day trip to Latin America, which will take him also to Brazil, Argentina and Venezuela. The Chinese premier came here for a three-day visit to the country, known as the "door leaf of South America," after attending the 40th anniversary celebrations of the United Nations in New York.

The welcoming ceremony was presided over by Colombian President Belisario Betancur Cuartas who braved a light rain to greet the Chinese premier at the plane side and extended a warm welcome to him. Chinese and Colombian national flags were fluttering at the airport, around a dozen kilometers southwest of the Colombian capital, an evergreen city 2,630 meters above sea level. The welcoming ceremony began with the playing of the national anthems of the two countries and a 21-gun salute. Accompanied by the Colombian president, the Chinese leader reviewed a guard of honor made of the three services of the Colombian Army.

The Colombian president said in his speech that Colombia and China share identical views on a wide range of issues despite their geographical distance, and their difference in ideology and political system. "Both of us seek for peace, which is our common objective," the president said. Paying high tribute to China's support for the struggle of the Latin American people for a settlement of debt problems and a peaceful solution to the Central American conflict, the president said that "Colombia embraces" the Chinese premier and will seek to raise bilateral relations to a new level.

In reply, the Chinese premier spoke highly of the great contributions the Colombian people made to the independence and liberation of the South American continent. He said that the Sino-Colombian relations of cooperation have steadily developed since the establishment of the diplomatic ties between the two countries. "My visit to your country is to deepen understanding, strengthen friendship, promote cooperation and make joint efforts to safeguard world peace," he added.

At the end of the ceremony, the Colombian president presented the Chinese Government leader to Colombian senior officials and military leaders, who joined their president in greeting him. They included Augusto Ramirez Ocampo, minister of external relations.

Also arriving in Bogota aboard the same plane were Chen Muhua, Chinese state councillor and president of the People's Bank of China; Chen Chu, special assistant to the Chinese premier; Zhu Qizhen, Chinese vice-foreign minister; Wei Yuming, vice-minister of foreign economic relations and trade; and other members of the Chinese premier's party.

Chinese sources here say that the two leaders will hold talks on bilateral relations and questions of common interest in the presidential residence, the Narino Palace, later this afternoon. The Colombian president will host a state dinner for the visiting Chinese premier and his party in the evening.

Zhao Addresses State Dinner

OW290210 Beijing XINHUA in English 0141 GMT 29 Oct 85

[Text] Bogota, October 28 (XINHUA) -- China is fully confident that its friendship and relations of cooperation with Colombia will develop more rapidly than before.

Visiting Chinese Premier Zhao Ziyang expressed the confidence here this evening at a state dinner given in his honor by Colombian President Belisario Betancur Cuartas.

The Chinese premier who is here in Colombia on the first leg of his 16-day Latin America trip, said that both China and Colombia experienced similar sufferings from foreign oppression in the past and today and they are facing a common task of developing their own national economies and improving the welfare of their people. "We are full of confidence that the Sino-Colombian friendship and relations of cooperation would develop more rapidly than before with the growth of our economic strength provided we work together to explore various ways and forms to expand our trade and economic and technological cooperation in an active, down-to-earth and looking-forward attitude," the Chinese leader said.

Both China and Colombia love peace, Zhao said, adding that there are no conflicts of fundamental interest between the two countries. The two sides share identical or similar views on many major international issues. Since the establishment of diplomatic relations between the two countries in 1980, he noted, the friendship and relations of cooperation between the two countries have developed steadily, with the exchanges of personnel increasing and the economic and technological cooperation starting.

Zhao spoke highly of the marked successes the Colombian people have achieved in safeguarding their state sovereignty and developing their national economy. He also praised the Colombian Government for following an independent and non-aligned policy in international affairs.

As one of the sponsor nations of the Contadora Group and the host country of the Cartagena Latin American Debtor Nations' Conference, Zhao said, Colombia has been "playing an important role in seeking peaceful settlement of the conflicts in Central America, in working for a rational solution to the debt problem of Latin American countries and in promoting the unity and cooperation among Latin American nations."

Further on Zhao's Address

OW290244 Beijing XINHUA in English 0219 GMT 29 Oct 85

[Text] Bogota, October 28 (XINHUA) -- Chinese Premier Zhao Ziyang reaffirmed here this evening that China "appreciates and supports" the Contadora Group and other Latin American countries in their efforts to seek peaceful solutions to Central American problems.

Addressing a state dinner given in his honor by Colombian President Belisario Betancur Cuartas, Zhao said that the intensified turbulence in Central America in recent years has made the region one of the "hot spots" in the world today, arousing general anxiety and concern in the international community, the Latin American countries in particular.

Therefore, he said, the Contadora Group has won wide support from the international community for what it has done.

The Chinese Government consistently advocates that the sovereignty, independence and territorial integrity of Central American countries should be respected, and that these countries should be allowed to solve their problems by themselves without any outside interference, Zhao said. "Disputes among Central American countries and conflicts between the United States and Nicaragua should be settled through peaceful negotiations in accordance with the basic norms guiding international relations, rather than resorting to force or threat of force," the premier added.

He expressed his hope that all the parties involved in Central American conflicts would respond to the efforts made by the Contadora Group with concrete actions so as to bring about peace in the region and end the prolonged sufferings as soon as possible.

As an important part of the Third World, Zhao said, Latin American countries had set up various regional organizations years ago with a view to settling their regional problems. Latin American countries proposed the establishment of a Latin American nuclear free zone as early as the late 60's and they also took the lead in initiating the struggle for safeguarding the 200-mile sea sovereignty, the Chinese leader recalled. [sentence as received] These efforts have made significant contributions to the struggle of the people of the world for peace and development, Zhao emphasized.

He also praised Latin American countries for taking an active part in the struggle for the establishment of a new international economic order and making unremitting efforts in promoting North-South dialogue and South-South cooperation.

As a developing country belonging to the Third World, Zhao said, China "attaches great importance" to its relations with Latin American countries and is willing to establish and develop relations with all Latin American countries on the basis of the five principles of peaceful co-existence. These principles are: Mutual respect for sovereignty and territorial integrity, mutual non-aggression, non-interference in each other's internal affairs, equality and mutual benefit, and peaceful co-existence.

"The aim of my present visit to Latin America is to deepen understanding, enhance friendship, develop cooperation and make joint efforts with the countries concerned to maintain world peace," Zhao said.

Economic ties and trade between China and Latin American countries are part of the South-South cooperation, Zhao said. China is willing to expand its economic cooperation, trade and scientific and technological exchanges with Latin American nations on the basis of "equality and mutual benefit, and common progress," he stressed.

China and Latin America have made gratifying progress in recent years in developing their friendship and relations of cooperation as a whole, but cooperation and exchanges in the economic, trade and scientific and technological fields "are still limited" and "far from matching the potentials of the two sides," Zhao said. "There is still much work to do in strengthening our cooperation," he added.

The Chinese premier also expressed the hope that his talks with Latin American leaders and contacts with friends from various circles on issues of common concern would help further the existing good relations between the two sides.

Betancur Addresses Dinner

OW290254 Beijing XINHUA in English 0232 GMT 29 Oct 85

[Text] Bogota, October 28 (XINHUA) -- Colombian President Belisario Betancur Cuartas said here this evening that there exist great possibilities for expanding the Sino-Colombian cooperation.

Speaking at a state dinner he gave for Chinese Premier Zhao Ziyang, Betancur said that trade between the two countries would multiply if the two sides make courageous efforts.

There has been a good development of Sino-Colombian relations since the establishment of diplomatic ties between the two countries in 1980, he recalled, adding that cultural and economic cooperation and trade between the two sides are growing daily. "The exchange of experience and technical cooperation between the two nations in the fields of medical science, agriculture and arts and crafts are fine examples of genuine South-South cooperation," the Colombian president said. The Sino-Latin American trade exchanges can be traced back to the 16th century, he noted, saying that trade, cultural, political and cooperative relations between China and Latin America have been steadily strengthened over the past 20 years.

President Betancur stressed that the developing countries should continue their international efforts to further invigorate their national economy. Speaking highly of what China has achieved in recent years in science and technology, he pointed out that the developing countries should likewise strengthen their own scientific and technical set-up. The Colombian leader expressed his belief that the Chinese premier's current visit to his country would be an outstanding milestone in the development of the friendly ties between the two countries.

Zhao, Betancur Exchange Toasts

OW290426 Beijing XINHUA in English 0406 GMT 29 Oct 85

[Text] Bogota, October 28 (XINHUA) -- Colombian President Belisario Betancur Cuartes gave a state dinner at the presidential residence, the Narino Palace, here this evening in honor of Chinese Premier Zhao Ziyang.

Zhao arrived here this afternoon for a three-day official visit, the first leg of his four-nation South America tour.

In his toast at the dinner, President Betancur said that there has been a good development of Sino-Colombian relations since the establishment of diplomatic ties between the two countries in 1980. There exist great possibilities for expanding the Sino-Colombian cooperation and trade between the two countries would multiply if courageous efforts are made, the Colombian president said.

Latin American-Chinese trade exchanges can be traced back to the 16th century, Betancur said, adding that trade, cultural, political and cooperative relations between Latin America and China have been steadily strengthened over the past 20 years. The Colombian president stressed that developing countries should continue their international efforts to further invigorate their national economy.

In reply, Premier Zhao said the aim of his current Latin American trip is "to deepen understanding, enhance friendship, develop cooperation and make joint efforts with the countries concerned to maintain world peace."

Recalling the steady development of bilateral relations, Zhao expressed his belief that Sino-Colombian friendship and relations of cooperation would develop rapidly provided the two sides make active efforts, because there are no conflicts of fundamental interests between the two countries.

Speaking of the relations between China and Latin America, the Chinese premier said that China is "willing to establish and develop relations with all Latin American countries" on the basis of the five principles of peaceful coexistence and also "to expand its economic cooperation, trade and scientific and technological exchanges with Latin American nations on the basis of equality and mutual benefit, and common progress."

Referring to Central American problems, Zhao said that China "appreciates and supports" the Contadora Group and other Latin American countries in their efforts to seek peaceful solutions to Central American problems. He reiterated the consistent stand of the Chinese Government that the sovereignty, independence and territorial integrity of Central American countries should be respected.

Central American countries should be allowed to solve their problems by themselves without any outside interference, he said, adding that disputes among Central American countries and conflicts between the United States and Nicaragua should be settled through peaceful negotiations in accordance with the basic norms guiding international relations, rather than resorting to force or threat of force.

Among the guests at the dinner were Chen Muhua, Chinese state councillor and president of the People's Bank of China; Chen Chu, special assistant to the Chinese premier; Zhu Qizhen, vice-foreign minister; Wei Yuming, vice-minister of foreign economic relations and trade; Li Guoxin, Chinese ambassador to Colombia; and other members of the Chinese premier's entourage.

Present on the occasion were Jose Name Teran, president of the Colombian Senate; Daniel Mazuera Gomez, president of the House of Representatives; Augusto Ramirez Ocampo, minister of foreign relations; former presidents, military leaders and other senior officials of the Colombian Government.

Zhao, Betancur Hold Talks

OW290712 Beijing XINHUA in English 0653 GMT 29 Oct 85

[Text] Bogota, October 28 (XINHUA) -- Both China and Colombia oppose arms expansion and war of aggression and stand for maintaining world peace.

This was emphasized today by visiting Chinese Premier Zhao Ziyang and Colombian President Belisario Betancur Cuartas when they discussed their common stand on major international issues at the presidential residence in the Colombian capital, said a spokesman for the Chinese premier and his party.

The Chinese premier, who arrived here this afternoon for a three-day visit to this South American country, and Colombian President Betancur stressed the need to respect the right of self-determination of the people of various countries and to oppose outside interference and power politics, the spokesman for the Chinese side said. They agreed that international disputes should be solved through peaceful negotiations without resorting to force or the threat of force.

During the talks which lasted about 90 minutes, the Chinese spokesman said, the two leaders also agreed on the following point: Having suffered a lot from the old international economic order, the two countries will continue to make active efforts to promote the North-South dialogue and the South-South cooperation and stand for the establishment of a new international economic order.

Taking part in the talks on the Chinese side were Chen Muhua, Chinese state councillor and president of the People's Bank of China; Chen Chu, special assistance to the Chinese premier; Zhu Qizhen, vice-foreign minister; Wei Yuming, vice-minister of foreign economic relations and trade; and Li Guoxin, Chinese ambassador to Colombia.

Participating in the talks on the Colombian side were Augusto Ramirez Ocampo, minister of foreign relations; Fernandez de Soto Guillermo, vice-minister of foreign affairs; and Luis Villar Borda, Colombian ambassador to China.

Further on Zhao-Betancur Talks

OW290856 Beijing XINHUA in English 0830 GMT 29 Oct 85

[Text] Bogota, October 28 (XINHUA) -- Visiting Chinese Premier Zhao Ziyang expounded eight points China has in common with Latin American countries during his talks with Colombian President Belisario Betancur Cuartas here this afternoon, according to a spokesman of Chinese Foreign Ministry.

"These points in common are the solid foundation for China and Latin American countries to develop their friendship and relations of cooperation," the Chinese premier said. These points are:

- They in the past experienced long outside oppression and plunder, and their people waged prolonged struggle for their independence and liberation;
- They all belong to the Third World and are facing the common task of developing their national economy and raising the living standards of their peoples;
- They have large tracts of territory endowed with rich resources and their peoples are industrious and wise;
- They need an international environment of durable peace to build up themselves so as to eradicate their underdevelopment as soon as possible;
- They cherish very much their hard-won independence and pursue an independent and non-aligned foreign policy;
- They respect the right of self-determination of the people of various countries, oppose outside interference and power politics, and stand for solving international disputes through peaceful negotiations without resorting to force or the threat of force;
- They all work hard to ease the tense international situation and make active efforts to safeguard world peace; and
- They suffered a lot from the old unfair international economic order, and they now stand for promoting the North-South dialogue, the South-South cooperation and the establishment of a new international economic order.

RENMIN RIBAO DISCUSSES IMPROVING ECONOMIC SITUATION

HK240821 Beijing RENMIN RIBAO in Chinese 11 Oct 85 p 5

[Article by Lin Rongcang: "Several Questions Concerning How To Bring About an Overall Fundamental Improvement of Our Country's Financial and Economic Situation"]

[Text] The "proposal of the CPC Central Committee on the Seventh 5-Year Plan for national economic and social development" has pointed out that we have basically accomplished the task of fundamentally improving China's financial and economic situation. However, diligent efforts should still be made to maintain and to further bring about an overall fundamental improvement of our country's financial and economic situation. The overall fundamental improvement of China's financial and economic situation is a matter of importance that involves the close cooperation of many departments and comprehensive treatment. Regarding its basic starting point and basic channels, it seems that we should work hard to grasp, and do a good job in grasping well, the following important questions.

Attaching Importance to Effective Growth of the National Economy

In order to bring about an overall fundamental improvement of our country's financial and economic situation, it is primarily necessary to regard the effective growth of the national economy as the basic starting point and precondition, that is, the growth of the national economy with certain assurance of economic results and a unification between speed and results.

Over the 3 decades and more since the founding of the PRC, socialist finance has scored undoubted accomplishments in various respects. The problem is, for a long time China's rate of economic development and the corresponding social economic results have been out of proportion, with an increase in production not necessarily meaning a corresponding increase in revenue, sometimes even involving a reduction in revenue. Such failure in achieving a general synchronization between economic development, social economic results, and financial revenue has inevitably led to difficulty for the national economy in maintaining its continuous and stable development and corresponding failure in the improvement of the financial condition of the state. Hence the difficulties arising in the whole financial and economic situation of the country. This is because a development rate lacking the assurance of corresponding economic results is usually achieved through tremendous financial investment; while the growth in social net income yielded by these investments, on which state finance relies to conduct centralized distribution, is slow.

Thus, the growth of financial revenue and the improvement of the financial condition have lost something that they depend on; on the other hand, it is impossible to continue the practice of relying on high investment to maintain a high rate of economic development. China's practice in economic construction over the years has demonstrated that under the condition of low social economic results, the higher the rate of economic development, the greater the losses to, and effects on, the growth of financial revenue. Provided social economic results are improved, and a synchronized growth in financial revenues and economic development is maintained, with even a tendency of growth emerging and exceeding the rate of economic development, the two will promote each other and develop simultaneously. Therefore, we can see that only by promoting and realizing the effective growth of the national economy, doing a good job in both accelerating the rate and improving economic results, will it be possible to make the economy develop steadily and to maintain a benign cycle, while making the financial and economic condition of the state gradually take a turn for the better and improve continuously.

This is the basic starting point in the development of socialist economy, as well as in solving financial problems.

Improving Financial Results

Regarding financial distribution itself, it is necessary to continuously improve financial results and to attach great attention to socialist financial management, including making, gathering, and spending money, in order to bring about an overall fundamental improvement of our country's financial and economic situation.

On the question of supporting national economic construction, we have for a long time attached attention to, and laid stress on, "ensuring supply" in financial distribution, but we have to a great extent neglected the economic results brought by such "guaranteeing of supply." We did not pay attention to comparing investment and yield, and expenditure and results; nor did we pay attention to the concepts of value, time and economic results in the use of funds. The effects for us of the fund supply system and the one-sided guaranteeing of supply were great. The direct effects of such "eating from the same big pot" in funds were given expression in the passive position in both revenue and expenditure, with state finance becoming more and more tight in "supply," and having more and more difficulty in "ensuring."

On the other hand, it greatly hampered the enthusiasm, initiative, and creativity of the enterprises in developing production, improving management, economizing on the use of funds, and improving economic results; and a drop in the ratio of output to capital employed, the ratio of national income to capital employed and the ratio of profit and tax payment to capital employed has occurred along with "investment starvation." To repeat, the neglect of financial results led to a relative increase in the state's financial expenditure with each passing day; that is, more money was spent on the same undertaking; thus increasing the pressure for financial expenditure. Moreover, its negative effects on economic development and social economic results have brought about great difficulties in the effective growth of financial revenue and its capacity to meet the need for such expenditure. Hence, a strained condition in both revenue and expenditures, which has impeded the improvement of the financial and economic situation.

Practice has proved that under the condition of socialist planned commodity economy, apart from exerting efforts to open up financial channels, to cultivate financial resources, and to actively organize financial revenues, it is imperative to attach great importance to the results of the use of funds, which is dominant. And it is imperative to plan, to arrange, and to restrict financial expenditure with the assurance of particular financial results, especially over-growing financial results. Only then will financial distribution itself really change from the situation of supplying funds passively and be relieved from the situation of being the target of "contention over funds." While in the use of capital or funds, financial distribution will change from a passive to an active position, from being ineffective to being effective, and from getting low results to getting high results. And only when importance is attached to financial results, when the expenditures of enterprises and institutions are directly linked with their own financial proceeds, allowing them to acquire their own material interests by means of their proceeds, will it be possible to bring into full play the enthusiasm of enterprises and institutions in increasing revenue and economizing on expenditure. They will be enabled to continuously increase their inherent economic motive force and capacity to bear relative financial and economic responsibility. Thereupon, the financial revenue of the state will be steadily increased with the increase of expenditure, while the occurrence of "nominal revenue" will be got rid of. At the same time, the income level of the enterprises and institutions will be continuously improved, and a good foundation will be laid for strengthening the vigor of the socialist economy and bringing about an overall fundamental improvement of our country's financial and economic situation.

In my opinion, particular attention should be attached to specific arrangements in the plan for financial revenue and expenditure regarding expected financial results, as an important basis for drawing up the plans for, and checking, financial expenditure, apart from conducting necessary reform in the financial structure, correctly handling the distribution relations in all aspects, and implementing the method of financial investment with compensation and all kinds of effective measures in the contract system involving the employment of funds. In this way, we will break through the conventional practice of the "basic sum system," that is changing the old practice of making the actual level of expenditures in the past the basis for arranging financial expenditure in the new budget.

In investment in new economic construction, we must strive to refrain from investing in projects yielding no results, to invest less in projects yielding little result, and to invest more in projects yielding good results. In checking expenditure, it is necessary to make comparison of expected financial results with actual ones the chief element. Those bringing in good results should be rewarded, and those with poor results should be punished, so that a clear line between award and punishment is drawn, with importance attached to actual results. In this way, the expansion in the need for financial investment and funds will be effectively overcome and brought to an end, and increases in expenditures will be kept under control, which is favorable to avoiding blindness in construction and production, and to the arbitrary spending of funds. Thereby, the same amount, or less, can be spent on more undertakings, and achieve better financial results; thus ensuring the continuous improvement of our country's financial and economic situation under the condition that expenditure is economized on and revenue is increased.

Doing A Good Job in the Comprehensive Use of General Social Financial Resources

With the implementation of the policy of invigorating the domestic economy and opening up to the outside world, and the gradual fulfillment of the reform of the economic structure, the appropriate extension of decisionmaking power to the enterprises, and the development in breadth of socialist commodity economy in both urban and rural areas in recent years, marked changes have also taken place in the sources of funds in China, as well as in the composition of the general social funds. The volume of extrabudgetary funds in 1984 alone amounted to more than 110 billion yuan; the credit loan funds of the banks have also increased, averaging more than 30 billion yuan annually; foreign capital imported and utilized annually amounts to several billion dollars, and the capital of enterprises run by communes and brigades in the rural areas and investment in terms of labor force amount to a huge figure. Under such circumstances, if we continue to give our attention to the funds within the state budget, while neglecting the great potential in other social funds, and the overall planning and comprehensive use of general social funds, it will be unfavorable to the comprehensive balance of the national economy, to the planned proportional development of the socialist economy, to the tremendous need for funds for the four modernizations, and to bringing about an overall fundamental improvement of our country's financial and economic situation. The loss of control, to a certain degree, in the scope of investment in fixed assets that has taken place in recent years has resulted from extrabudgetary investment, and the expansion of credit investment, which has also proved the importance of the comprehensive use of general social funds.

How to conduct the comprehensive use of general social financial resources? This is a rather complicate question. From the angle of being favorable to bringing about an overall fundamental improvement of our country's financial and economic situation alone, I hold that it is necessary to stress the following two aspects:

First, it is necessary to promptly master the trends of general social funds, and to do a good job in the overall planning and comprehensive balance of the movement of general social funds, in order to shape them into a "resultant force." With a view to changing the passive and difficult situation in the past and at present in the failure in the overall planning and comprehensive use of social funds, resulting from the confusion in the different channels of funds, which are not easily grasped and concentrated, it would be best for all localities, departments, and trades to establish an information network regarding the different sources of funds and their outlets in investment.

On the basis of having a clear understanding of the situation, different sources of funds and channels of investment outside the chief channel of funds within the budget, will be needed and classified, and included in a few major categories that are presented in a clear, logical way, so that the trends in the distribution of, and changes in, general social funds may be grasped promptly.

Meanwhile, a "blueprint" for the comprehensive use of general social funds in a particular period is to be drawn up, based on the different natures of the various sources of social funds, the needs in their employment, the characteristics of their circulation, and the possibility of adjustment, before the direction, scope, and focus of their employment are proposed. Under the premise of harmonious mutual cooperation, emphases, division of labor, and the advantages of every aspect will generally find expression in the "blueprint," with overlapping projects avoided, which is favorable to conducting the balancing of value in the macroscopic plan, and to the general planning of the movement of funds and materials. At the same time, it will eradicate such long-standing mal-practices as projects outside the plan elbowing out or undermining projects inside the plan, and expanded reproduction elbowing out simple reproduction. In addition, it will be favorable to the full utilization of social funds, to appropriate control over the scope of investment, and to the realization of a benign cycle in the movement of capital and the national economy.

Second, it is necessary to reform the existing planning system and fund-controlling system; in particular, while setting up complete and perfect legislation on investment and necessary administrative control, it is necessary to take means of economic regulation as the key in strengthening the classified planned guidance and control of social funds from diverse sources and of their movement.

In view of the shortage of state financial funds, which fail to fully meet the investment needs of key projects, at present, as well as for a certain period in the future, it is imperative to guide the employment of social funds onto the track of ensuring and focusing on national key projects, and of strengthening the weak links in the development of the national economy, through macroscopic regulation, using various economic means in particular. At the same time the movement of the "resultant forces" and the "reinforcement" function of general social funds will promote and push ahead the realization of the plan for social economic development and the strategic target. For example, the construction of energy resources and communications at present involves huge sums of investment; and central finance can only take on some big projects, while local finance and extrabudgetary funds must center around this priority by undertaking some medium and small-type projects and making investment in energy-saving measures and increasing the capacity of communications. This will not only strengthen, and coordinate with, key projects, but will bring gains to the localities, departments, and enterprises as quickly as possible.

With regard to differences in the ownership, sources, power and employment of various categories of social funds, distinction should also be made in their comprehensive use and management measures.

Generally speaking, it is inappropriate to issue mandatory plans regarding the employment of extrabudgetary funds and other social funds of a non-financial-credit nature; and we should refrain from egalitarianism without compensation and exercising rigid control, checking, and suppression. What can be done is to propose rough and flexible planning and requirements of a guiding nature, by promptly providing them with economic information, by the application of economic levers, and by actively guiding this enormous sector of funds in the directions and to the places where they are most needed, so that their vigor may be retained with control, being vigorous without confusion.

Realizing the Change From Supply-type Finance to Managerial-type Finance

The key to bringing about an overall fundamental improvement of our country's financial and economic situation lies in realizing the change from supply-type finance to managerial-type finance. This is because:

First, if things remain unchanged, and if financial distribution is still regarded as being purely activities concerning revenue and expenditure out of the need to ensure the supply of funds, the functional departments of finance will be playing only the roles of departments receiving bills and of tellers. Then, the correct handling of the relations of all sides concerned in financial distribution, which is closely related to economic interests, effective growth of the socialist economy, the continuous improvement of social, economic, and financial results, and the comprehensive employment of general social monetary resources, with financial funds as the key, will be regarded as independent of, and nothing to with, finance itself. In that situation, it is entirely impossible to maintain or to bring about an overall fundamental improvement of our country's financial and economic situation.

Second, only when this change is realized will it be possible to basically overcome all malpractices resulting from supply-type finance, such as "eating from the same big pot" in funds, the employment of funds without compensation, the situation of responsibility, power, and interest being out of joint, and egalitarianism in distribution. Only when this change is realized, will it be possible to gradually learn the socialist way of financial management, including making, gathering, and spending money, and to learn, and to do a good job in, management and operation in the course of the collection, distribution, and employment of funds, so that a new situation may be created in financial work, promoting the continuous improvement of the country's financial and economic situation.

Third, only when such a change is gradually realized will it be possible for us to conscientiously base ourselves on, and apply, the law of value, to make full use of various economic levers, to play a role in promoting and pushing forward the development of the socialist planned commodity economy, and to conduct effective control of, to affect, and to regulate the macroscopic economy in coordination with other departments.

NEARLY 9,000 CADRE-RUN ENTERPRISES CLOSED DOWN

HK280309 Beijing CHINA DAILY in English 28 Oct 85 p 3

[By our staff reporter Nie Lisheng]

[Text] Nearly 9,000 of the 27,894 businesses opened by party and government organs or officials have been closed down during a nationwide investigation that began early this year. The state has banned businesses where party officials use their connections for profit-making purposes.

"The unhealthy practice of party and government affiliates starting businesses has basically been checked and corrected," an official of Enterprise Registration Office told CHINA DAILY in an interview last week. He said over 90 percent of the 67,041 party and administration cadres involved in these enterprises have severed their business connections.

According to state regulations, no party or government officials in state enterprises and institutions, including those in trade unions, youth leagues and women's federations, are permitted to start businesses or enterprises, or take part-time jobs in collectively and individually run economic organizations. During more than half a year's investigation, only about 54 percent of the businesses opened by party and administration affiliates were permitted to continue operation independently of party and government involvement. An additional 461 firms were ordered to shut down for illegal activities in violation of state economic laws.

In Beijing, 231 enterprises were found to be started by party and government organs or officials, 64 of which were closed down and 157 others forced to transfer their ownership to other existing economic organizations for continued operation. The cadres and officials who were asked to resign their business positions include 94 leaders at department levels and 189 at bureau levels.

Shenyang City in Liaoning Province uncovered 339 enterprises operated by 556 cadres, including 121 retired officials. By the end of August, the city had recovered 5.95 million yuan in government funds and 4.15 state loans misappropriated to these illegally run businesses. A total of nearly 160,000 yuan of private shares invested by government and party officials were also returned.

According to a work report by the state Industrial and Commercial Administration Bureau, the emergence of these party-and-government businesses is an undesirable trend resulting from the current economic reforms.

Taking advantage of the state policy of enlivening domestic economy and developing commerce and service trades, these businesses have made no distinction between state administration and business management and thus gave the participating party and administration officials an opportunity to use their powers and positions to seek illegal profits, the report said.

More than 70 percent of the businesses started operation in the latter half of last year. Their capital came mainly from administrative or other public funds and state bank loans. Some were organized with private-share investment. With their party and government connections, the work report said, quite a number of these enterprises have run their businesses in violation of state economic and financial regulations. Some of them dealt in capital goods under the state marketing monopoly and durable consumer goods in short supply by reselling them for large profits.

In Miyun County of Beijing, for example, Jinshan Trade Company co-funded by the county party committee and government bilked customers out of more than 1.5 million yuan in advance payments on motor vehicles and colour TV sets. Some other party-and-government-run businesses pocketed profits and dividends and issued bonuses and prizes in disregard of state rules.

Xinguang Business Company in Shenyang, for instance, boasted a board of directors which included a deputy head of the people's congress of Huanggu District and a director of the district financial bureau. Every month, they drew more than 300 yuan from the profits of the company.

Ex-Servicemen 'Prosperous'

OW271437 Beijing XINHUA Domestic Service in Chinese 1143 GMT 25 Oct 85

[Excerpt] Changsha, 25 Oct (XINHUA) -- Among the various types of people who have become prosperous in rural areas, the most popular are those demobilized servicemen who are well versed in science, general knowledge, and professional skills and, with noble ideals, morality, and discipline, are willing to help people become prosperous and take the lead in correcting party style, said Zhou Wenyuan, deputy director of the PLA General Political Department.

He made these remarks at the first national meeting to exchange experience in developing and using demobilized servicemen with skills for both military and local construction. He stressed: In the Army's training of dual-purpose personnel, it is necessary to intensify the education of socialist spiritual civilization and strive to train a new generation of people with noble ideals, morality, general knowledge, and discipline. He urged all PLA units to combine the training of professional skills with the education of morality so that the large numbers of cadres and fighters can foster lofty ideals and moral character; uphold the four fundamental principles; resolutely carry out the party's line, principles, and policies; conscientiously correct party style; and serve the people wholeheartedly both in their service in the Army and after their return to their native place.

Leaders Make Speeches

HK260307 Changsha Hunan Provincial Service in Mandarin 1100 GMT 25 Oct 85

[Excerpts] The national on-the-spot symposium on the exploitation and employment of dual-purpose talented persons among demobilized servicemen, convened by the Ministry of Civil Affairs and the PLA General Political Department, concluded in Qidong county today after 6 days in session. During the meeting, important speeches were made by Zhou Wenyuan, deputy director of the PLA General Political Department; Zhang Hai, adviser to the Ministry of Civil Affairs; Liu Fusheng, deputy secretary of the Hunan Provincial CPC Committee; and Zhang Zhongxian, political commissar of Guangzhou Military Region. (Luo Yuelin), secretary of the Qidong County CPC Committee, introduced the county's experiences.

On 24 October, Yang Chen vice minister of the Ministry of Civil Affairs, gave a summation on the achievements and experiences of this meeting and on demands for future work.

Yi Qiuli, member of the Political Bureau of the CPC Central Committee and director of the PLA General Political Department, was concerned for this meeting and attached importance to it. He said: It is very necessary to hold such a meeting, and it must be a successful meeting. The comrades of the PLA and the localities must work together in training and employing talent.

The meeting urged that all places further unify understanding of the importance of exploiting and employing dual-purpose talented persons and truly understand that this work constitutes an important reform in the demobilization and resettlement of servicemen. It is necessary to further establish and put on a sound basis a new-style service structure to promote the circulation of dual-purpose talent. It is necessary to take advantage of local strong points and open up new ways of resettlement, to ensure that dual-purpose talented persons are employed in the most suitable ways.

Meeting Ends

0W281339 Beijing XINHUA Domestic Service in Chinese 1148 GMT 25 Oct 85

[By RENMIN RIBAO reporter Luo Tongsong and XINHUA reporter Zheng Guolian]

[Excerpts] Changsha, 25 Oct (XINHUA) -- The first national meeting to exchange experience in developing and exploiting the talent of demobilized servicemen capable of doing both military and local construction work ended today. The meeting affirmed that it is a matter of great importance to develop and exploit the talent of demobilized servicemen with such capabilities in order to strengthen the building of material as well as spiritual civilizations in rural areas and to fulfill the party's general task.

This meeting was held in Qidong County, Hunan Province, under the co-sponsorship of the Ministry of Civil Affairs and the PLA General Political Department. At the meeting, advanced deeds and experience in developing and exploiting the talent of demobilized servicemen capable of doing both military and local construction work were reported by 18 units, including Qidong County.

Their reports vividly reflected that during the past few years the Liberation Army has provided various localities with large numbers of such demobilized servicemen who are in the prime of life, possess a wide variety of special skills, and show great adaptability for various jobs. These demobilized servicemen have become an important component part of the qualified workers required for the modernization of our country and vigorous reinforcements for infrastructural construction, especially rural construction.

The meeting pointed out: To speed up the task of development and exploitation of the talent of demobilized servicemen capable of doing both military and local construction work, all local authorities should strengthen their leadership over this task. In the spirit of making reform and blazing new trails, they should achieve a unified understanding of the importance of this task and make a change in the guiding thought for settling the demobilized servicemen.

They should change the old method of solely relying on "relief" and "subsidies" to solve the demobilized servicemen's food and clothing problems. Instead, they should combine the task of developing and exploiting the talent of these demobilized servicemen with the efforts to support them in developing production so that they may become well off through their own industrious work.

The meeting urged all localities to make further efforts to establish and perfect the service organizations for promoting the exchange of demobilized servicemen capable of doing both military and local construction work.

The meeting also called on local authorities to actively explore new ways to use the services of such demobilized servicemen by making full use of local favorable conditions and taking measures suited to their respective localities. Support may be given them in developing agricultural production. They may be recommended to work in cities, factories, or engage in industrial and commercial activities. They may be assigned jobs in village and town enterprises or recruited by state organs, enterprises, and institutions. They may become workers or cadres, working in their own localities or in other provinces and autonomous regions.

AIR FORCE CONSOLIDATES RECTIFICATION RESULTS

OW271633 Beijing XINHUA Domestic Service in Chinese 0105 GMT 25 Oct 85

[By reporter Cai Shanwu]

[Text] Beijing, 25 Oct (XINHUA) -- The Air Force party committee recently urged units that concluded party rectification not to slacken their efforts after concluding party rectification. It called on them to earnestly straighten out party conduct to consolidate and develop party rectification results.

By the end of September, Air Force units of corps level and above had successively concluded party rectification work. The Air Force party committee attaches great importance to the consolidation of party rectification results in these units and has reexamined the units' work by way of spot checks, report meetings, and sending work groups. During reexamination, they found the overwhelming majority of these units observed the rectification and correction measures adopted in the course of party rectification, became more conscientious in implementing the party's line, principles, and policies, had marked improvements in their party conduct, and further straightened out their guiding ideology for various work. However, a few units have been found to have slipped back into old ways after party rectification was concluded. For this reason, the Air Force party committee set the following demands for units that have concluded party rectification:

1. Continue to carry out education in party spirit. All units that have concluded party rectification must, in the near future, conduct education in strengthening party spirit and in ideals and discipline among party members in connection with the examination and consolidation of the party rectification results. Efforts should be made to gradually regularize and institutionalize ideological education for party members
2. Resolutely resist and correct unhealthy practices. All units must earnestly examine their post-party rectification work of checking unhealthy practices and review the achievements, progress, and problems in this work. They should consult the broad masses inside and outside the party, persistently seek truth from facts, earnestly sum up experience and lessons, and strictly deal with those problems that need attention.
3. Pay vigorous attention to implementing rectification and correction measures. The various units all set quite a few rectification and correction measures and requirements in the course of party rectification. They must earnestly examine which measures were implemented, which were not and why, and work out new, feasible plans in accordance with the actual conditions of structural reform, administrative streamlining, and reorganization in their units so as to create a new situation in work.

YANG SHANGKUN AT PLA TRAINING EQUIPMENT EXHIBIT

OW250611 Beijing XINHUA Domestic Service in Chinese 1247 GMT 24 Oct 85

[By reporters Zhang Haiping, Li Xiuqing]

[Text] Beijing, 24 Oct (XINHUA) -- While visiting the All-Army Simulated Training Equipment Exhibition this morning, Yang Shangkun, vice chairman of the Central Military Commission, pointed out that simulators should be good, scientific, and economical. We must work vigorously in this general direction.

He said that we must be self-reliant in research and development of simulated training equipment. There would be no follow-up supplies if we relied on others. Of course, we should not preclude importing new technology. It is necessary to organize personnel to tackle key technical problems, and carry out scientific research and academic discussion. We must not confine ourselves.

The All-Army Simulated Equipment Exhibition, set up at Beijing's Agricultural Exhibition Hall, opened on 10 October. The 40 items on display, which range from single service skill and tactical simulation to command simulation for combined operations, are the latest simulated training equipment developed by the various services with laser, electronic, and other advanced methods of science and technology. The items are rich in variety, and the simulators are true to life, showing that the training of the PLA academies, schools, and troops is entering the new stage of laser and electronic equipment. Advanced simulated training equipment is playing an important role in shortening the training period, raising training quality, and economizing on training expenses, and is well received by the vast number of commanders and fighters.

Li Desheng, Zhang Aiping, Liu Huaqing, Zhang Zhen, and others have visited the exhibition since it opened.

XU XIANGQIAN WRITES PREFACE TO BOOK ON HEROISM

OW270517 Beijing XINHUA Domestic Service in Chinese 0847 GMT 24 Oct 85

[Text] Beijing, 24 Oct (XINHUA) -- Xu Xiangqian, vice chairman of the Central Military Commission, has written a preface to "In Praise of Warm Blood [re xie song 3583 5877 7313]," a collection of reports by the PLA model heroes reporting group to be published soon by the Xinhua Publishing House. Entitled "The Spiritual Wealth of 1 Billion People," the full text of the preface reads as follows:

"In Praise of Warm Blood -- Deeds of PLA Model Heroes" will be published soon. As a veteran PLA soldier, I am very excited, eagerly wishing to recommend to all this good book written not with pen and ink, but with lives and blood.

Loyalty to the party, the motherland, and to the people is the true political quality of the People's Army. During the nearly 60 years of revolutionary wars and struggles, innumerable combat models and people's heroes have emerged in this heroic army. All the model heroes (collectives of heroes) introduced in "In Praise of Warm Blood" have inherited and displayed the glorious tradition of the People's Army and at the same time possessed the special characteristics of the new historical period. Imbued with noble ideals, morality, general knowledge, and discipline, they always bear in mind the party, the motherland, and the great undertaking of socialist modernization and are ready to sacrifice everything they have, including their most precious youth and lives, for the interests of the country the people, and the lofty ideal of communism. They are the cream of the collective of the PLA heroes of the 1980's.

The Chinese people are carrying out the socialist modernization drive with one heart and one mind. It is our national policy to make the country strong and prosperous and the people better off and happy; and the "struggle in unity to carry out the great plan" shows our determination and action. China needs a peaceful and stable environment. However, the Vietnamese authorities have obstinately pursued a policy of aggression and expansion over the past years and have never ceased for a moment armed provocations in our border areas, invading our territory, killing our people, and undermining the production and construction in our frontier areas.

For the sake of safeguarding the peace and dignity of the motherland and protecting the life, property, and safety of the people, our border defense units, driven beyond the limits of forebearance, retaliated in self-defense and performed earth-shaking meritorious services in the defensive war. "I don't mind suffering as long as what we practice is genuine socialism [zhu yi 0031 5030]. The suffering I endure will benefit 1 billion people."

This is a poem very popular on the front line, which expresses the common ideal, pursuit, and noble moral character of the officers and soldiers on the front line as well as the army-men of the contemporary era as a whole. The overwhelming majority of the members of the PLA model heroes reporting group are from the front line of the war of self-defense and counterattack against Vietnam. Their reports contain no empty talk but facts of blood and real people and, therefore, are most vivid, convincing, and appealing.

The recently concluded National Conference of Party Delegates called for vigorously strengthening the building of socialist spiritual civilization and the ideological and political work in order to bring about a fundamental change for the better in party style and prevailing social practice. This is a major task for the whole party as well as an urgent task on the current ideological front.

Through the circuit of the PLA model heroes reporting group, plus the publication of "In Praise of Warm Blood," we will definitely be able to turn victories on the front line and model heroes' noble ideals and meritorious services into vivid teaching materials on patriotism and lofty ideals among the army-men and people throughout the country, and into the common spiritual wealth of the 1 billion people. We will also be able to inspire the broad masses of army-men and people, leading cadres at various levels, and youths in particular, to learn from the exemplary deeds of model heroes in carrying forward the party's fine tradition and style and prompting the building of socialist material and spiritual civilization.

May the flowers of the model heroes bloom on the good earth of the motherland.

DENG XIAOPING SENDS WANG ZHEN TO MOURN XU SHIYOU

OW271217 Beijing Domestic Service in Mandarin 1600 GMT 26 Oct 85

[Text] Entrusted by Comrade Deng Xiaoping, Wang Zhen, vice chairman of the CPC Central Advisory Commission, made a special trip to Nanjing this morning to pay last respects to the remains of Xu Shiyou. Wang also extended condolences to Xu Shiyou's widow, Tian Pu, and his children on behalf of Chairman Deng Xiaoping, Vice Chairmen Bo Yibo, and Song Renqiong of the Central Advisory Commission.

After paying last respects to the remains of Comrade Xu Shiyou, Comrade Wang Zhen met his relatives. He said: In his nearly 60 years of military service in which he had performed many outstanding services and risked his life hundreds of times, Comrade Xu Shiyou was one of our Army's brilliant military commanders who had started out as a fighter and risen through the ranks to become a general. He made great contributions and performed great exploits for the cause of the party and army building.

Comrade Wang Zhen urged everyone to turn grief into strength, carry forward Comrade Xu Shiyou's fine work style of hard struggle, heroic tenacity and daring to fight tough battles, and strive to study and work well so as to do meritorious service to the drive for four modernizations.

SONG PING MAKES INSPECTION TOUR OF JIANGXI

OW281419 Nanchang Jiangxi Provincial Service in Mandarin 1100 GMT 26 Oct 85

[Text] While making an inspection of our province, Comrade Song Ping, state councillor and minister in charge of the State Planning Commission, pointed out: Tremendous developments have been made in Jiangxi's industry, agriculture, and other undertakings in recent years. Jiangxi is a big province with abundant natural resources and a great potential for development. This province is full of promise provided the people in the province avoid detours and do their work effectively according to actual conditions.

Comrade Song Ping arrived in our province on 10 October for an 8-day inspection tour. During the inspection, Comrade Song Ping heard briefings by responsible comrades of the provincial party committee and the provincial government. Accompanied by responsible comrades of the provincial party committee and the provincial government, he also inspected Jingdezhen City, a copper mining area in the province, the (Hongzhou) Machinery Plant, the Nanchang diesel engine plant, the Xinyu iron and steel works, the Wan'an hydropower station, as well as Wan'an, Jinggangshan, and other counties and cities in the old revolutionary base areas. During the inspection tour, Comrade Song Ping cordially talked with cadres and other people on the way in order to acquaint himself with their conditions in production and daily life as well as their problems and difficulties.

He expressed many important views on the development of agriculture, ceramic industry, nonferrous metals, tourism, and other natural resources and the strengthening of construction in the old revolutionary base areas in the province. Comrade Song Ping said: In grain production, Jiangxi has made a tremendous contribution by the state. This is one of Jiangxi's favorable conditions. People in Jiangxi, from top to bottom, have attached great importance to agriculture and grain production and should unswervingly continue to do so. Now the state needs large quantities of commodity grain. Priority should be given to grain production in the Seventh 5-year Plan period, the Eighth 5-Year Plan period, and even during the 5-Year plan beginning in 2000. To develop grain production, it is necessary to make full use of land and to improve the soil. At the same time, vigorous efforts should be made to develop breeding and animal husbandry.

After visiting Jiangxi's copper mining area, Comrade Song Ping stressed: Vigorous efforts should be made to exploit the resources of nonferrous metals in order to contribute to the modernization of the country. Jiangxi is rich in the reserves of nonferrous metals and has a satisfactory variety of them, both of which are rare in the country. Jiangxi has favorable conditions, such as adequate transport facilities, for the exploitation of such nonferrous metals. It is necessary to plan effectively and strengthen leadership in this regard. While organizing people by the state to exploit the resources of nonferrous metals, the masses may also be mobilized, but this must be done gradually so as not to damage such mineral resources and to ensure safety in mining operations. In opening mines, it is essential to rely on our own efforts and to follow our own way. It is necessary to import advanced technology and equipment, but we must rely mainly on our own efforts in this regard. After importing technology and equipment, we must effectively digest them in order to gradually nationalize [guo you hua] them.

Comrade Song Ping affirmed the measures for the Dexing copper mine to first carry out part of its capital construction and then put the completed part of the project into operation before starting the construction of the rest in order to make up for insufficient investment. He said: This is a fine experience that should be popularized.

On the development of Jingdezhen's ceramic industry, Comrade Song Ping said: Ceramics, part of the Chinese culture, plays an important role in the people's daily life and in earning foreign exchange. Jingdezhen ceramics are famous around the world, and the development of its ceramic industry has a bearing on the revitalization of our country's ceramic industry as whole. We must think of ways to revitalize the ceramic industry, step up technical transformation, improve product quality, and earn more foreign exchange by exporting more ceramics. The province should do all this as an important task and do systematic research on the improvement of ceramic raw materials as well as on ceramic making, baking, packaging, and marketing. Our ceramic products should have our traditional and national features, and at the same time we should produce new products with the characteristics of the 1980's. The shapes of our ceramic articles should give people a feeling of the times.

While inspecting the old revolutionary base areas of Wan'an and Jinggangshan, Comrade Song Ping stressed: To change the situation in the old revolutionary base areas, it is necessary to concentrate our energies on production, economic development, and the solution of the problem of food and clothing for the people in the areas. It is necessary to make full use of natural resources in the old revolutionary base areas, especially their mountain forest resources, to develop some diversified economic projects with less investment and quick results -- such as pig, chicken, duck and cattle raising and fish farming. In this way, peasants will be able to receive real benefits.

Comrade Song Ping said: The old revolutionary base areas have poor transport facilities and are culturally underdeveloped. For these reasons, we must build roads and transport facilities and develop education and culture in these areas. Efforts should be made to build basic educational facilities.

Showing great concern for the Wan'an hydropower project, Comrade Song Ping said: The Wan'an hydropower station is a power station in an old revolutionary base area, and efforts should be made to build it and put it into operation as soon as possible.

CHEN MUHUA ATTENDS WUHAN ECONOMIC SYMPOSIUM

OW281810 Beijing XINHUA in English 1649 GMT 28 Oct 85

[Text] Wuhan, October 28 (XINHUA) -- A symposium on international economic cooperation opened in this capital of Hubei Province today. More than 100 officials and experts attended the first of what is planned to be a series of annual meeting sponsored by the China International Economic Cooperation Society.

Chen Muhua, state councillor and honorary president of the society, said that the symposium will promote both study of and concrete support for international economic cooperation.

Experts and officials will discuss the following three questions: economic cooperation in the Asia-Pacific region and China's policies: developing China's overseas enterprises; and restructuring China's organs for international economic cooperation.

Facing the challenges of new technology, international competition and trade protectionism, the Asia-Pacific region should base economic growth on a new international economic order, improved economic ties between developed and developing countries, improved economic performance in developing countries, and a peaceful and stable international environment, said Wang Shijun, associate professor of Sichuan University.

Experts at the symposium agreed that China's modernization drive has had an important impact on the economic growth of the Asia-Pacific region.

In the years to come, China will make efforts to boost exports, further import foreign funds and technology, contract more overseas construction projects, expand labor service projects and develop overseas joint ventures.

More than 30 papers have been submitted to the six-day symposium.

LEGAL JOURNAL COMMENTATOR ON SOCIALIST DEMOCRACY

HK260621 Beijing ZHONGGUO FAZHI BAO in Chinese 14 Oct 85 p 1

[Commentator's article: "Basic Characteristics of Socialist Democracy"]

[Text] With the development and prosperity of our economy, people are showing more and more concern about the perfection of the democratic system and the materialization of people's democratic life. This is good. Our country's Constitution clearly stipulates that our objective is to "build China into a socialist country with a high level of culture and democracy." Here, we need to know what is meant by socialist democracy, or what are the basic characteristics of socialist democracy.

Socialist democracy has the following three basic characteristics: First, it is democracy enjoyed by the majority of the population; second, it is based on a socialist economic foundation whose main element is public ownership; and third, it is guaranteed and conditioned by laws. Therefore, when citizens exercise their rights of democracy and freedom, there are limitations on how far they can go. They must first subject themselves to a prerequisite: not harming state and public interests.

Comrades who reread the Constitution will find that between the articles providing for citizen rights of democracy and freedom and citizen duties, there is a linking-up article, that is, Article 51. It provides a general prerequisite: "The exercise by citizens of their freedoms and rights may not infringe upon the interests of the state, society, and the collective, or upon the lawful freedoms and rights of other citizens."

This is the general guiding principle that prescribes the limitations on exercising citizen freedoms and rights. It represents a scientific summing-up of our positive and negative historical experience. It completely conforms to the interests of the state and the wishes of the people. A citizen who thinks "democracy" should "allow him to do whatever he likes" is obviously going against this principle. For example, independence, self-determination, opening up to the outside world, and enlivening the domestic economy are basic policies of the state. They represent the fundamental interests of the people of all nationalities in the country and have been codified into law by the supreme organ of state power. If a person violates these policies wittingly or unwittingly in various ways, then he also infringes upon the interests of the state and the people. His "democracy" and "freedom" should be checked and limited. This point is obvious to all.

Socialist democracy is a democracy with a certain prerequisite. It is not a democracy without limitations. This viewpoint may also be looked at philosophically. Quality must be subject to certain quantitative limits. Once a quantitative change goes beyond these limits, quality will also change. This point is well expressed in the old Chinese saying: "Going too far is as bad as going not far enough." "Going too far" and "going not far enough" can both produce an opposite effect. For example, patriotism should always be encouraged and advocated. In order to realize the four modernizations at an earlier date, we also need to introduce advanced technology from abroad and to learn from advanced foreign management skills.

But, a person who thinks that everything foreign is good and should be imitated will go to the extreme of worshipping and having blind faith in foreign things. Similarly, if we do not distinguish between different historical conditions and understand our foreign trade policy of equality, mutual benefit, and exchange of each other's needs, but rather indiscriminately reject all foreign things, then our "patriotic" ideas will merely become "narrow nationalism."

The same is true of the exercise of democratic rights and freedoms. When citizens exercise their democratic rights and freedoms within the limits prescribed by law, they are protected by law. But if they go beyond these limits, they will no longer be protected by law, because they have violated the laws. There has never been any absolute, unlimited democracy and freedom in the world. This is also the case in capitalist countries.

At present there is a great upsurge in popularizing legal knowledge throughout our country. On 4 December, we will celebrate the third anniversary of the promulgation of the existing Constitution. So long as we all seriously study the Constitution and other important laws and regulations laid down by the state, more and more people will surely come to establish the thinking of socialist democracy and the socialist legal system. They will know how to correctly exercise democratic rights. This will guarantee and promote the lasting stability and economic prosperity of our country.

NE ENERGY-COMMUNICATIONS PLANNING OFFICE RENAMED

SK272200 Hohot NEIMENGGU RIBAO in Chinese 12 Oct 85 p 1

[Text] With the approval of the State Council, on 17 September 1985 the Northeast Energy and Communications Planning Office was renamed the Northeast Economic Zone Planning Office. The State Council also consented to the proposal of establishing the system of holding joint meetings of governors and chairmen of the three Northeast provinces and Nei Monggol Region and of responsible comrades of the planning office in order to discuss some major regional economic issues in a timely manner.

The main task of the planning office is to formulate regional economic, technological, and social development plans (including land renovation plans), proceed from the whole economic situation, fully display regional superiority, break with barriers between departments and regions, strengthen lateral economic relations, and promote economic cooperation and integration.

The planning office may propose necessary suggestions on keeping balanced and coordinated development in the economic zone and report suggestions to the State Council or to the State Planning Commission. The planning office will conduct investigations and research on some long-term major macroeconomic issues of strategic importance and offer opinions to the CPC Central Committee and the State Council for reference while they make policy decisions.

The planning office is not a top administrative organization. Its leading members are comprised of responsible comrades of the State Planning Commission, the State Economic Commission, the State Commission for Restructuring the Economic System, the State Scientific and Technological Commission, and other relevant departments as well as responsible comrades of Liaoning, Jilin, and Heilongjiang Provinces and Nei Monggol Autonomous Region.

SCIENTISTS DEVELOP LASER SATELLITE RANGE FINDER

OW272214 Beijing XINHUA Domestic Service in Chinese 1720 GMT 25 Oct 85

[Text] Wuhan, 25 Oct (XINHUA) -- A laser satellite range-finding instrument capable of automatically tracking and observing a laser geodynamic satellite has been successfully developed by 12 middle-aged and young scientists of the State Seismological Bureau. It passed technical appraisal today in Wuhan.

The laser range finder for a man-made satellite is an instrument for measuring the precise distance between a point on earth and the satellite by computing the distance on the basis of the time needed for a laser beam to travel to the satellite and return. This instrument can be widely used in the fields of seismology, space technology, geodesy, geology, and astronomy.

The instrument that passed technical appraisal today is small and light, highly precise, and has a long range. It has been successful in automatically tracking and measuring a satellite in August this year. Some 50 experts from over 30 units throughout this country held that this achievement indicates that the laser satellite range-finding technique in our country is no more in the primary, manually-operating stage but in a brand new stage of automatic tracking and observation.

HONGQI AD WELCOMES SUBSCRIPTIONS TO 1986 ISSUES

HK251105 Beijing HONGQI in Chinese No 18, 16 Sep 85 p 50

[Advertisement: "Welcoming Subscriptions to HONGQI in 1986"]

[Text] HONGQI is a publication on political theories and is edited by the CPC Central Committee. Its principal tasks are: In close integration with reality, to propagate the basic theories of Marxism-Leninism-Mao Zedong Thought, and to theoretically explain and expound the party's road, guidelines, and policies; to sum up and exchange new experiences in socialist modernization; to narrate and interpret in theory various new problems found in actual practice; to comment on international problems and international ideological trends, and to assist and guide the cadres in the study of political theories.

The guideline when editing HONGQI is to liaise between theory and reality. During the celebration for the 25th anniversary of the publication of HONGQI, Deng Xiaoping and other party and government leaders wrote words of encouragement for the journal. Comrade Deng Xiaoping wrote: "Theoretical work must serve socialist modernization." Comrade Chen Yun wrote: "Practice requires guidance in theory; there must be liaison between theory and reality." These inscriptions and words further point out the direction for HONGQI to pursue in order to make further progress in the new historical era.

The principal and special points of articles in HONGQI are that they are theoretical, policy-making, and thought provoking. HONGQI rigidly insists that its contents must maintain the principle of unanimity in politics with the CPC Central Committee, striving hard to achieve correct viewpoints, full verification of presentations, logical reasoning, and meticulous editing, so as to help the masses to raise their ideological and theoretical level.

Readers of HONGQI come from exceptionally broad circles. They include masses of party members and cadres, theoretical workers, ideological and political workers, and young intellectuals (mainly college students).

Frequently reading HONGQI helps to gain a deep understanding of the various important guidelines and policies; of important theoretical problems in various fields such as politics, economics, philosophy, history, literature and art, education, science and technology, international relations; and particularly of the major and important theoretical problems related to the various reforms in our country at present.

Each issue of HONGQI, in addition to publishing major articles, carries various special columns such as forums, new topics, ideological commentaries, economic commentaries, theoretical studies for cadres, explanations of problems, youths' universe, literature and art commentaries, international commentaries, work and study, investigations and reports, book reviews, and so forth. They are lively and have rich contents.

Since its publication, HONGQI has been circulated both in the country and abroad. Inside the country, the post office takes care of its circulation (the domestic circulation code is: 2-371). Outside the country, the Chinese International Books and Publications Main Trading Corporation takes care of its circulation (the circulation code abroad is: SM 5, Beijing P.O. Box 2820). Its circulation abroad has reached many countries and areas including Asia, Africa, Europe, North America, and Latin America.

HONGQI is a semimonthly journal published on the 1st and the 16th of each month. There are 24 issues a year. Its price is 0.26 yuan per copy, 1.56 yuan per quarter, and 6.24 yuan for the year. Post offices in various parts of the country are now inviting subscriptions. Units, groups, and individuals are welcome to place orders for the magazine at the post offices in their respective localities.

MARTIAL ARTS BOOK BOOM CAUSES PAPER SHORTAGE

HK280335 Beijing CHINA DAILY in English 28 Oct 85 p 4

[Text] The weekly OUTLOOK published in two installments an investigation report probing into the paper shortage, currently of nationwide concern. The following is an excerpt.

Last year, newsprint (for printing newspaper) and relief printing paper (for printing magazines and books) were in drastically short supply and the situation has become even worse this year. Textbook publication for this autumn was threatened. To guarantee timely delivery of textbooks, the party's Political Bureau member Hu Qiaomu and State Councillor Zhang Jingfu last June co-chaired over a special meeting to solve the paper supply problem.

This is the first time that China held a meeting at such a high level to solve the problem of the paper supply.

Because of the paper shortage, many books and magazine have missed publication deadlines. In Guangxi, where paper resources are bountiful, only 33 of 157 publications scheduled for release in the first seven months of 1985 were issued on time.

One of the biggest problems is that publishing has expanded more quickly than paper production. But there is also a major problem in the allocation of supplies for paper mills.

From 1975 to 1984, the annual consumption of newsprint and relief printing paper increased from 472,000 tons to nearly 1.2 million tons. The average annual growth rate stood at 14.8 percent. During the same period, demand for newsprint and relief printing paper grew by 9.2 percent each year on an average.

To fill the gap, the state spends a considerable sum of foreign currency every year to import paper. At the annual meeting to order supplies, it was decided that newspapers whose supply of paper was within the state plan would receive 510,000 tons of newsprint. Newsprint production in China was estimated at 410,000 tons. The state ordered 130,000 tons from abroad. Another 90,000 tons of relief printing paper needed by the publishing industry also is to be imported. Despite the imports, however, the two kinds of paper still remain in short supply.

This year, for the first time, most paper mills were allowed to arrange for their production according to "guidance plans," which means that they base production on contracts with customers. The state no longer determines their production quotas nor is responsible to purchase their products. This practice has boosted the paper mills' initiative and consequently their production has increased.

Nevertheless, many paper mills have failed to provide their customers with paper according to contracts. The paper mills contracted to supply 60,000 tons of paper to various customers in the first five months in 1985. But they delivered only about 20,000 tons. A cadre in the Liaoning Province publishing house complained that in the first seven months, the publishing house received only 70 tons of the 1,000 tons of paper ordered from a Shandong Province Tengxian Paper mill. "If the situation does not change for the better, our publishing house will have to stop printing."

The phenomenon seems strange. Paper mills have increased production, but their contracted customers cannot receive the demanded quotas. Where has all the paper gone? The answer is that much paper has been used to print books or newspapers that were not included in the state plan.

These books mostly are novels about Xiake (persons adept in martial arts and given to chivalrous conduct in ancient times). The State Publishing Bureau show found that in the first eight months of this year, about 6 million copies of Xiake novels were printed. [sentence as published] This enormous figure is considered a conservative estimate. This enormous figure is considered a conservative estimate. In Guangdong and Fujian alone, 9.3 million copies were printed this year.

Meanwhile, many magazines published supplements to carry Xiake novels and detective stories. Unhealthy tabloids, calculated at above 100 before June 30, consumed 80,000 tons of newsprint, or one eighth of the newsprint supply within the state plan.

To tackle this problem, the responsible government departments have adopted some measures. Illegal publishing of some books has been banned, and economic sanctions have been meted out to publishing units that print Xiake novels in excess.

But one must probe deeper into the questions. Paper supply has become a problem for printing textbooks. But there is no lack of paper for printing such books and newspapers. There must be an unhealthy tendency in the sales of paper. This problem must be exposed.

CORRECTION TO JIEFANGJUN BAO ARTICLE ON CRITICISM

The following correction pertains to the item headlined "JIEFANGJUN BAO Calls for Criticism, Self-Criticism," published in the 28 October DAILY REPORT on page K 5: Paragraph 3, lined 1, page K 7: In July, 1981, commenting on the problems... (adding year)

HAN PEIXIN, OTHERS MARK YOUTH GROUP ANNIVERSARY

OW281203 Nanjing Jiangsu Provincial Service in Mandarin 1100 GMT 25 Oct 85

[Excerpts] The 50th anniversary of the founding of the Travellers Group of the Xinan Primary School was marked ceremoniously in Huaian County today. The group, which was well-known at home and abroad, was a youth organization founded under the CPC leadership to exhort the nation to rise up and fight against Japan.

Addressing the commemoration meeting, Han Peixin, secretary of the Jiangsu Provincial CPC Committee, said: This year we mark the 50th anniversary of the founding of the Xinan Travellers Group, which started its journey in Huaian County, and we also mark the 40th anniversary of the victory of the war of resistance against Japan. Comrades of this group went around the country 50 years ago to champion the cause of saving the country, and their objective has long since been achieved. Although the group ceased operations shortly after the founding of the republic, its brilliant contributions are of far-reaching significance.

Han Peixin stressed: The young people of this group began their journey in this county 50 years ago, holding high the banner of patriotism. In those days, being patriotic meant saving the country. Today, it means reunifying, defending, and building the motherland. The moral character and good style of the young people during this protracted struggle are good materials to use in educating our young people on communist ethics.

At today's meeting, greeting messages from Huang Kecheng, Chen Pixian, Zhang Aiping, Li Yimang and Jiang Weiqing, Governor Gu Xiulian, and Wu Shuqin, wife of Mr Tao Xingzhi, were read. Comrade Hu Qiaomu wrote the following (?inscription) for the commemorative meeting: The glorious course traversed by the Xinan Travellers Group will forever be an example for the nation's young people. Comrade Jin Ming, member of the Central Advisory Commission, and secretary of the first Huaihai District CPC Committee 50 years ago, attended today's meeting.

This afternoon, Comrades Han Peixin and Jin Ming cut the ribbon to inaugurate the historical museum of the Xinan Travellers Group.

SHANDONG FINANCIAL DIRECTOR ON BUDGET BALANCE

SK250533 Jinan Shandong Provincial Service in Mandarin 2300 GMT 21 Oct 85

[Recorded radio speech by Guo Changcai, director of the provincial Financial Department, on the issue of how to maintain a balance between incomes and expenses this year]

[Excerpts] The leading comrades of the State Council have repeatedly stressed recently that efforts should be made to maintain a balance in financial affairs this year. This policy decision on strengthening macroeconomic control has a vital bearing on ensuring the smooth progress in reform of the economic system and consolidating or developing the excellent situation. Maintaining a balance in financial affairs is not only necessary to macroeconomic control and to providing an important guarantee for achieving steady, stable, and harmonious development in the national economy; it is also necessary to the task of taking the initiative in the financial and economic work of 1986 and achieving smooth progress in implementing the Seventh 5-Year Plan.

In line with the strategic target and arrangement set forth by the 12th CPC Congress, we should accumulate financial resources and lay a good foundation in the upcoming 5 years. We should ensure the financial resources, on the one hand, for developing the undertakings of agriculture, industry, and science and education; and on the other hand, should make good and full financial preparations for making the economy prosperous in the 1990's.

However, judging from the actual situation, our province's financial resources still cannot meet the needs of these tasks. At present, the province's accumulated deficit has reached more than 200 million yuan. In particular, we should note that some factors of income increase in the financial revenues this year are tentative. The programs of wage and commodity prices reform begun this year will be the annual factor of expense increase from 1986. Meanwhile, the scale of expense increase will greatly surpass that of 1985. If we fail to maintain a balance in financial affairs and continuously suffer from deficits, we will create a passive phenomenon in the work of 1986 and will carry forward the bigger burden to the implementation period of the Seventh 5-Year Plan. In this way, the economic development in the implementation period of the Seventh 5-Year Plan will certainly be adversely affected and the task of making the economy prosperous in the 1990's and accumulating financial resources will be harder to accomplish. Therefore, we should deeply understand the importance of maintaining a balance in financial affairs and integrate our ideology with the policy decision made by the central authorities in order to consciously take the whole situation into consideration, to vigorously increase incomes and curtail expenses, and to ensure a balance in financial affairs in the province and the country.

The task of maintaining a balance in financial affairs this year is arduous. However, we still have a large number of favorable conditions that are as follows:

1. The central authorities, the provincial CPC Committee, and the provincial people's government have paid great attention to realizing a balance in financial affairs, had great determination, and have adopted many effective measures.
2. The province's latent power of increasing incomes is larger than other provinces.
3. Along with implementing the major measures of the central authorities for readjusting and reforming the economic systems, our province's situation in industrial production has steadily improved. In the January-September period this year, the province's total industrial output value surpassed the figure of the corresponding 1984 period by 23.87 percent; and the retail sales of social commodities, by 24.54 percent. On the basis of developing production, at the end of September, the province showed a 28.26 percent increase in financial revenues over the figure of the corresponding 1984 period, and calculated in terms of the same items, the province also showed a 24 percent increase. The 85.36 percent of units in charge of financial revenues have fulfilled their annual budgets. All of these have laid a solid foundation for realizing a balance in financial affairs this year.

In realizing this balance, efforts should be made to curtail expenditures on the one hand, and to increase incomes on the other. We must assuredly fulfill the state assignments of 1985, in which the province will surpass the industrial and commercial tax revenue plan by 750 million yuan and curtail the volume of expenses by 4.3 billion yuan. In addition, efforts should be made to tap the latent power of production by fully utilizing existing financial and material resources to turn out products enjoying brisk sales; and to vigorously improve management in order to lower costs and upgrade product quality, and to earn more profits, increasing incomes from the increased output. Meanwhile, we should make the best use of the fourth quarter in collecting taxes in the peak season and earnestly do a good job in conducting general inspection over tax revenues and financial affairs.

In realizing a balance in financial affairs this year, we should strive to bring expenditures under strict control. In the January-September period this year, the province showed a very large increase in financial revenues, but the increase of expenditures was also large, surpassing the figure of the corresponding 1984 period by 34.77 percent and exceeding the target set forth by the budget.

People's governments at all levels are urged to realistically regard as a major task the work of maintaining a balance in financial affairs this year by following the demands set forth by the speech given by Governor Li Changan at the provincial tax revenue conference in order to accelerate the pace of conducting reforms, enforcing the open policy, and of enlivening the economy.

WORK STARTS ON QINGDAO DEEP-WATER OIL BERTH

OW251752 Beijing XINHUA in English 1628 GMT 25 Oct 85

[Text] Qingdao, October 25 (XINHUA) -- Construction work began this week on a deep-water berth at Qingdao, Shandong Province, to be used for exporting oil from Shengli oilfields, China's second largest. The berth will be able to accommodate 200,000-ton oil tankers, and will have an annual handling capacity of 119 million barrels upon completion in 1987.

Meanwhile, work has also begun on a new twin-pipeline to carry oil from Shengli to Huangdao terminal at Qingdao, one of China's 14 coastal cities open to foreign trade and investment. The scheme is expected to be completed next year, and will increase oil transport capacity to 210 million barrels a year from the present 70 million barrels.

FOREIGN INVESTMENTS IN SHANGHAI INCREASE

HK250600 Beijing ZHONGGUO XINWEN SHE in Chinese 1350 GMT 21 Oct 85

["Shanghai Makes New Headway in Using Foreign Funds" -- ZHONGGUO XINWEN SHE headline]

[Text] Shanghai, 21 Oct (ZHONGGUO XINWEN SHE) -- According to the latest statistical data, from 1981 to August 1985, Shanghai municipality signed 192 contracts on the use of foreign funds, amounting to \$1,075 million. These involved such various activities as setting up joint ventures with Chinese and foreign investment, carrying out cooperative management in enterprises, accepting commodity credits, and obtaining foreign loans. Previously, Shanghai had absorbed only \$62 million in foreign funds over a period of several decades.

Since the CPC Central Committee and the State Council decided last year to open 14 coastal port cities to the outside world, businessmen from many countries and regions have become more interested in investing in Shanghai. They have come to Shanghai in an endless stream to hold investment talks or to explore the possibilities of cooperation. Some large enterprises, financial groups, and banks with abundant funds have also come. Last year, Shanghai approved 53 contracts on the use of foreign funds, amounting to a total of \$440 million. This exceeded the contracted amount from 1981 to 1983 by 180 percent. Since the beginning of this year, the use of foreign funds has gained further momentum. The contracted amount in the first 8 months of this year increased by 150 percent over the corresponding period last year. Of this, direct investment by foreign businessmen accounts for a substantial proportion. Joint ventures and cooperative management in enterprises have become the principal forms of investment.

An important feature of foreign investments in Shanghai is that they are mostly concentrated in tertiary industry. From 1981 to 1984 the amount involved in the tertiary industry reached \$327 million, accounting for 61.8 percent of the total direct investment by foreign businessmen. Of this, investments in tourism, hotels, and high-rise building projects amounted to \$299 million. Up to the first half of this year, more than 10 projects, including the Jingan Hilton hotel, the Shennongyuan health care guesthouse, and the Nomura-Shanghai Hotel, were jointly built or cooperatively managed. Hong Kong, the United States, the FRG, and Japan are respectively the four biggest investors.

SHENZHEN'S FOREIGN INVESTMENT INCREASES RAPIDLY

HK240713 Beijing ZHONGGUO XINWEN SHE in Chinese 1423 GMT 23 Oct 85

[*"Zhou Xiwu Says That a Large Proportion of Industrial Investment Constitutes a Distinguishing Feature in Shenzhen's Introduction of Foreign Funds This Year"* -- ZHONGGUO XINWEN SHE headline]

[Text] Shenzhen, 23 Oct (ZHONGGUO XINWEN SHE) -- The most remarkable feature of Shenzhen's introduction of foreign funds this year is a rapid increase in industrial investment. This shows that Shenzhen is developing into a predominantly industrial, export-oriented, and comprehensive special economic zone. Shenzhen's Vice Mayor Zhou Xiwu, who is also the director of the Shenzhen Industrial Development Committee, made this remark at the inauguration ceremony of the Shenzhen Industrial Credits Fund today: Of the investment contracts signed this year, industrial investment accounted for US \$540 million, registering an increase of 340 percent over the corresponding period last year, or accounting for 68 percent of the total foreign investment. The foreign investment fund already actually used in industry also ranks first in all trades. Amounting to US \$110 million, it accounts for 45 percent of the total funds actually in use, an increase of 94 percent over the corresponding period last year.

Talking about foreign economic and technological cooperation, Zhou Xiwu said: In the first 9 months of this year, Shenzhen signed 801 contracts with overseas firms, an increase of 5.4 percent over the corresponding period of last year. These contracts involved a total investment of US \$790 million, a 112 percent increase over the corresponding period last year. The fund actually in use was US \$240 million, up 94 percent from the corresponding period last year. On the whole, we have maintained the momentum of continuous development. Zhou Xiwu also said: The gross value of the city's industrial production is expected to reach 2.6 billion yuan this year. It totaled 2.2 billion yuan in the first 9 months of this year, topping last year's total industrial output value.

EXTRA EFFORT NEEDED TO MEET HENAN WHEAT TARGETS

HK240315 Zhenzhou Henan Provincial Service in Mandarin 2300 GMT 20 Oct 85

[Excerpt] On the evening of 20 October, the provincial government held a provincial telephone conference on fighting against waterlogging and sowing wheat. The conference urged all localities to take prompt action and struggle against the bad weather, and to try all means to grow wheat of guaranteed quality and quantity. The localities should strive to accomplish this year's plan for growing wheat.

Vice Governor Hu Tingji spoke at the conference. He said: From 11 to 19 October, the province was continuously affected by cloudy and rainy weather. Most of the counties and cities had rainfall of over 50mm. The rainfall even reached as high as 158 mm in Zhengyang County. Therefore, over 5 million mu of farmland in the province was waterlogged. The water content of most of the farmland reached saturation level, thereby seriously affecting the progress of sowing wheat. According to statistics, the province has not yet accomplished the work of sowing some 40 million mu of farmland with wheat. Though some wheat was sown, the crop has to be resown because the seeds absorbed too much water. Now, the wheat sowing period is coming to an end. If we do not adopt special measures to rush the planting of wheat, we shall have great difficulty accomplishing this year's task of growing wheat of guaranteed quality and quantity. Therefore, we should take immediate action and try all means to grow good wheat, a very urgent task faced by the province's cadres and people.

Station Commentary

HK240757 Zhengzhou Henan Provincial Service in Mandarin 2300 GMT 20 Oct 85

[Station commentary: "To Make Concerted Efforts in Accomplishing the Work of Sowing Wheat"]

[Text] In the wake of commodity production development in the rural areas, grain production is no longer purely the work of agricultural departments; rather, it involves such departments as industry, commerce, finance, science and technology. Particularly under the current abnormal conditions, all other industries and trades must promptly and sincerely support them. For example, because of the cloudy and rainy weather, some early-crop wheat fields have become fields for late-crop wheat. The prepared crops missed their sowing periods. This requires the scientific and technological departments to provide localities with a suitable variety of crops and relevant techniques in light of different soil conditions in the various localities. The grain departments must promptly make preparations for the required variety of crops. In case of difficulties because of the bad weather, the consumption of agricultural machinery, spare parts and chemical fertilizer will be increased. This requires the assistance of commercial departments. All these can only be achieved with the help of the transport departments.

Wheat is the province's major crop. Its production results directly affect the development of the province's economy, the improvement of the people's livelihood, and the stability and unity of politics. In other words, if we do not do well at this moment, our work for the coming year will be affected. At the critical moment of rush-planting wheat, it is hoped that various industries and trades will actively respond to the call of the provincial government, earnestly think for the peasants, and jointly make contributions to reap a bumper harvest next year.

HUBEI LEADERS ATTEND PLA HEROES REPORT MEETING

HK280219 Wuhan Hubei Provincial Service in Mandarin 1100 GMT 27 Oct 85

[Excerpts] The PLA report group of heroes and models held its first report meeting in the Hongshan Hall at Wuchang today. The group arrived at the hall accompanied by leading comrades of the party, government, and army in the province including Guan Guangfu, Huang Zhizhen, Shen Yinluo, Qian Yunlu, and Han Ningfu.

Provincial CPC Committee Secretary Guan Guangfu made a speech. After praising the lofty revolutionary ideals and patriotic spirit of the heroes and models, he called on the cadres and masses in the province to launch a drive to translate emulating the heroes and models into action. They should spontaneously subordinate the partial to the whole, the individual to the collective, and current interests to long-term interests; resolutely preserve the political situation of stability and unity; and resist corrosion by various erroneous ideas.

Also present at the gathering today were responsible comrades of the provincial CPC Committee, Advisory Commission, People's Congress Standing Committee, CPPCC, and Military District including Li Erzhong, Wang Ruisheng, Li Haizhong, Liu Qizhi, Zhou Huanzhong, Jiao Dexiu, Liang Shufen, Shi Zirong, Wang Shen, and Zhang Xueqi; Chen Fusheng, director of the Propaganda Department of the provincial CPC Committee; and Zhou Shizhong and Yan Zheng, member and alternate member of the CPC Central Committee, who are in Wuhan.

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PRC REGIONAL AFFAIRS
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LI XIMING LAUNCHES NEW BEIJING POWER PLANT

SK290505 Beijing City Service in Mandarin 1000 GMT 14 Oct 85

[Text] To relieve the energy shortage of Beijing, the rebuilding of the Beijing Shijingshan power plant began on the morning of 14 October. Leading comrades of the Beijing Municipal CPC Committee and the municipal people's government, including Li Ximing and Chen Xitong, attended the foundation stone laying ceremony.

As an old plant built before the liberation, the Shijingshan power plant was equipped with outmoded installations and backward technologies, and was unable to meet the needs of the construction of Beijing. This rebuilding project is undertaken by the Beijing power project construction company and the Beijing power and machinery project construction company after winning the open bidding of the Ministry of Water Resources and Electric Power. After the rebuilding project, the plant will add 600,000 kw of power supply capacity to the Beijing Power Grid, and will solve the heat supply problem for the western suburbs of Beijing.

NEI MONGGOL CPPCC COMMITTEE VICE CHAIRMAN DIES

SK260147 Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 24 Oct 85

[Text] Following is a circular of the regional CPPCC Committee and the regional KMT Revolutionary Committee:

Comrade Yang Lingde, member of the Sixth National CPPCC Committee, vice chairman of the first regional CPPCC Committee, and chairman of the regional KMT Revolutionary Committee, died of pulmonary heart disease in Hohhot at 1130 on 21 October 1985 at the age of 81, after all rescue measures proved ineffectual.

As a native of Togtoh County in Nei Monggol Region, Comrade Yang Lingde had served as deputy secretary general of the Suiyuan provincial branch of the Sino-Soviet Friendship Association, deputy secretary general of the Suiyuan Provincial CPPCC Committee, deputy secretary general of the Nei Monggol regional branch of the Sino-Soviet Friendship Association, deputy president of the Nei Monggol Socialism Institute, and deputy secretary general and vice chairman of the Nei Monggol Regional CPPCC Committee.

SHANXI RADIO CRITICIZES PURSUIT OF MONEY

HK260207 Taiyuan Shanxi Provincial Service in Mandarin 2300 GMT 25 Oct 85

[Station commentary: "Oppose the Erroneous Trend of Looking for Money Everywhere"]

[Excerpts] Comrade Chen Yun solemnly pointed out at the National Conference of Party Delegates: Some people, including some party members, have abandoned the socialist and communist ideals and discarded the program of serving the people. They look for money everywhere for the sake of private interests, pay no heed to the interests of the state and the masses, and even violate law and discipline. Comrade Li Xiannian pointed out: We must resist and oppose the influence of the idea that money and the individual are above everything else.

We must realize that the idea of looking for money everywhere has already done serious harm to our cause and to our party style and social mood. Some people regard as their aim in life working for a good unit that pays high salaries and plenty of bonuses. Some, who are afraid of suffering loss, stress tangible benefits and vie for fame and profit. Perfectly justifiable things that in the past were very easy to get done through the proper channels have now become very difficult to accomplish unless money is involved. There are some abnormalities in the comradely relations between people and the normal relations between upper and lower levels.

The trend of giving banquets and presenting gifts has started to emerge and spread. Some people resort to all kinds of unscrupulous means to get their hands on money; they engage in speculation, extortion, bribery, and corruption to get rich through illegal means. They peddle rotten food, make counterfeit goods, publish vulgar tabloids, make use of their positions to extort money from the masses, and do everything possible to undermine socialism by taking advantage of loopholes in reform. Unless we resolutely criticize and oppose this erroneous mentality and behavior in regarding cash and the individual as above everything and looking for money everywhere, our all-round reforms and the party's series of correct principles and policies may be distorted and attacked, and our socialist public ownership economy can hardly exist and develop, and the goal of making the whole people rich can hardly be reached.

We must carry out accurate and appropriate criticism and avoid criticizing things indiscriminately and repudiating correct things. For instance, we cannot regard the exchange and currency relations required in socialist commodity production and the stress on economic results in economic construction as looking for money everywhere. Nor can we regard the Marxist principles of material interests as looking for money everywhere. There should be proper material reward, but there must be a limit. We must clearly distinguish the fundamental differences between socialist and capitalist commodity economy.

In criticizing the erroneous trend of looking for money everywhere, we must prevent the capitalist idea of value from penetrating into party life, into the state's political life, and into the ideological and moral relations between people. As a socialist country, we must advocate the collectivist and communist spirit.

NI ZHIFU AT TIANJIN SELF-EMPLOYED WORKERS CONGRESS

SK271400 Tianjin TIANJIN RIBAO in Chinese 17 Oct 85 p 1

[Excerpts] On the morning of 16 October, the first municipal congress of self-employed workers ceremoniously opened. Attending the ceremony were Ni Zhifu, secretary of the municipal CPC Committee; Wu Zhen, deputy secretary of the municipal CPC Committee; Zhang Zaiwang, chairman of the municipal People's Congress Standing Committee; Chen Bing, chairman of the municipal CPPCC Committee; Bai Hua, Li Zhongyuan, and Shi Jian, vice chairman of the municipal People's Congress Standing Committee; Liu Jinfeng and Lu Xuezheng, vice mayors of the municipality; and Gan Guoping, deputy director of the State Industry and Commerce Administration. At the ceremony, Wu Zhen delivered a speech. Gan Guoping also spoke, introducing the achievements scored by individually-owned enterprises throughout the country and extending congratulations to the congress.

The convocation of the congress is a happy event that has long been awaited and expected by self-employed workers throughout the municipality. The 569 delegates to the congress happily gathered together on behalf of 130,000 such workers. The congress will last for 4 days. During this period, the delegates will elect their own organization to be called the Tianjin Municipal Self-Employed Workers Association.

HEILONGJIANG GOVERNOR ON ECONOMIC RELATIONS

SK270430 Harbin Heilongjiang Provincial Service in Mandarin 1000 GMT 16 Oct 85

["Excerpts" of article by Hou Jie, deputy secretary of the provincial CPC Committee and governor: "A Good Job Should Be Done in Studying the Spirit of the Documents by Grasping Well the 10 Relationships"]

[Text] The National Conference of Party Delegates and the 4th and the 5th Plenary Sessions of the 12th CPC Central Committee are most important meetings that have great strategic significance and far-reaching historic significance within the party. At present we are conducting penetrating study of the documents adopted at these meetings. As to the issue of how to study well the spirit of the documents, he holds that efforts should be made to grasp well relationships in the 10 aspects. The article refers to the 10 relationships that are required to correctly understand or deal with matters, which are as follows:

1. The relationship between the principal and secondary aspects of the current situation.
2. The relationship between construction work and the drive to conduct reforms.
3. The relationship between general supply and demand in society.
4. The relationship between the tasks of conducting macroeconomic control and enlivening the microeconomy.
5. The relationship between economic results and development speed.
6. The relationship between state economic arrangements and the province's economic construction.
7. The relationship between exports and imports while enforcing the open policy.
8. The relationship between developing grain production and the development of other undertakings.
9. The relationship between economic construction and scientific, technological, and educational undertakings.
10. The relationship between the tasks of building a spiritual civilization and building a material one.

In referring to the relationship between construction work and the drive to conduct reforms, the article points out: The basic guiding principle that is most important and imperative for us to follow during the implementation period of the Seventh 5-Year Plan is to persistently give priority to the drive to conduct reforms and to enable the drive and construction work to suit each other and to help each other forward. Judged from the practice of our province and generally speaking, we have better dealt with the relationship between construction work and the drive to conduct reforms, have promoted the development of production, and have not had arrangements for construction adversely affect the progress of conducting reforms.

However, there are still problems. Some persons have regarded the drive for conducting as a simple delegation of power, resulting in their turning a blind eye to the situation as a whole; some have blindly sought economic returns of the microeconomy, adversely affecting economic construction as a whole; and some have adopted a lukewarm attitude toward the drive to conduct reforms, holding that the drive might affect production, and have even refused to conduct reforms by making the excuse of engaging in production. All of these are wrong. During the implementation period of the Seventh 5-Year Plan,

we should unswervingly carry out the drive to conduct reforms and place the drive at a higher priority than that of construction work. We should by no means shake the viewpoint that there will be no way out without the drive.

In referring to the relationship between general supply and demand in society, the article points out: In dealing with this relationship, we should not only maintain a balance between supply and demand in the province, but also take into consideration the basic balance between general supply and demand in the country. In line with the demand set forth by the central authorities with regard to concentrating on controlling general demand in society in the first 2 years of the implementation period of the Seventh 5-Year Plan, we must take into full consideration the capabilities of the country while carrying out our economic work, and particularly while formulating economic plans. We should place our work emphasis on bringing inflation under control while controlling the general demand of society, and adopt adequate measures to solve well the problems of excessive investment in fixed assets and consumption funds in order to maintain a possible balance between general supply and demand in society and to achieve normal standards of economic growth.

In referring to the relationship between the tasks of conducting macroeconomic control and enlivening the microeconomy, the article points out: We conduct macroeconomic control in order to seek economic stability and enliven the microeconomy in order to seek economic results. The two tasks are linked to each other, depend on each other, and complement each other. In order to correctly deal with the relationship between the two tasks, we should manage macroeconomic control well, enliven the microeconomy, and enforce the open policy for it. We should prevent the microeconomy from being rigidly monopolized while conducting macroeconomic control, and from losing control over the macroeconomy while enlivening the microeconomy. We currently face the important task of enhancing macroeconomic control in line with the arrangements of the CPC Central Committee and the State Council, particularly to resolutely control the scope of investment in fixed assets. Meanwhile, we should study and work out ways to enliven the microeconomy while strengthening macroeconomic control in order to make the province's economy more vigorous. All the demands in this regard urge cadres at all levels to continuously enhance their consciousness in implementing the party's line, principles, and policies, and to continuously upgrade their leadership qualities.

In referring to the relationship between developing grain production and the development of other undertakings, the article states: The experience gained by the province in the period since the founding of the PRC has shown that we can enjoy an excellent situation and good life in years with a bumper grain harvest. Over the past few years we have had consecutive bumper grain harvests and have approached the possibility of readjusting the production structure in the rural areas. However, we must note that our agricultural harvests have not been even and stable and have become weaker. The per-capita volume of grains is only 1,000 or 800 jin, which is on the low side. If we encounter serious disasters, we will have to open our grain storage facilities. Therefore, we should by no means overestimate our grain output and lower our guard in this regard. Some localities have somewhat relaxed their leadership over agricultural production a situation that merits our attention. They have replaced the idea that the people's livelihood cannot be stable without agriculture with the idea people cannot become wealthy without industry. They have not had high enthusiasm for cultivation. Meanwhile, some localities have not planted their grain in line with signed contracts, resulting in a decrease in sown acreage compared with the plan. Therefore, we must continuously and resolutely implement the principle of by no means slackening our efforts to engage in grain production and actively developing the diversified economy, and must give priority to grain production. We cannot shake our will even slightly on this issue.

In referring to the relationship between the tasks of building spiritual civilization and building the material one, the article states: The endeavor of building the two civilizations simultaneously represents one of important principles of achieving economic and social development in the implementation period of the Seventh 5-Year Plan.

Our government is not of the economy, but of the people. and is the command post for carrying out socialist modernization. Therefore, it should not only grasp the task of building material civilization, but also the task of building the spiritual one; and not only take charge of professional work, but also manage the political orientation. Only by doing so can the government advance its work along the correct orientation and make a success of its work.

JILIN CPPCC STANDING COMMITTEE MEETING ENDS

SK271253 Changchun Jilin Provincial Service in Mandarin 1030 GMT 26 Oct 85

[Excerpts] The 10th meeting of the 5th Jilin Provincial CPPCC Committee Standing Committee ended in Changchun on 26 October, after a 4-day session. The meeting adopted a circular on conscientiously implementing the resolution guidelines of the 10th meeting of the 6th National CPPCC Committee Standing Committee.

During the meeting, the committee members heard reports by Gao Di, secretary of the provincial CPC Committee, and Wang Zhongyu, deputy secretary of the provincial CPC Committee, on the guidelines of the National Conference of Party Delegates, the 4th and 5th Plenary Sessions of the 12th CPC Central Committee, and the enlarged Standing Committee meeting of the provincial CPC Committee, and heard a report by Zhang Fenggi, vice chairman of the provincial CPPCC Committee, on the guidelines of the 10th meeting of the 6th National CPPCC Committee Standing Committee.

Liu Jingzhi, chairman of the provincial CPPCC Committee, spoke at the end of the meeting. He said: Next year will be a year of crucial importance for cadres at all levels and the people of various nationalities throughout the province to exert joint efforts to overcome difficulties caused by serious natural disasters and to strive for a magnificent future. In the face of arduous tasks, we should clearly understand our responsibilities, continue to promote the pioneering spirit of studying assiduously and actively opening up new trails, the spirit of working with one heart and one soul and dedicating oneself to the four modernizations construction, the death-defying spirit of daring to supervise and being good at supervision, and the spirit of unity of making friends and friendly contacts with more people, and score new achievements in realizing the call of the provincial CPC Committee to turn the year of serious disasters into a year of energetic work and great changes.

The meeting adopted a namelist of appointments of the Fifth Jilin Provincial CPPCC Committee Standing Committee. Guan Mengjue was appointed to concurrently hold the post of chairman of the Study Committee of the Fifth Jilin Provincial CPPCC Committee. Jin Minghan was appointed to concurrently hold the post of chairman of the Motions Handling Committee of the fifth provincial CPPCC Committee. Zhang Dexin, Geng Yuelun, Luo Yuejia, Xin Cheng, Jin Minghan, and Lu Shiqian, vice chairmen of the provincial CPPCC Committee, attended the meeting.

TAIWAN RETROCESSION DAY COMMEMORATED IN PRC

0W262053 Beijing XINHUA Domestic Service in Chinese 1600 GMT 24 Oct 85

[Excerpts] Beijing, 24 Oct (XINHUA) -- On the eve of the 40th anniversary of the retrocession of Taiwan Province, a sacred territory of the motherland, the Institute of Taiwan under the Chinese Academy of Social Sciences held a discussion meeting on "Commemorating the 40th Anniversary of Taiwan Retrocession" this afternoon.

Speaking at today's meeting, Kan Nianyi, director of the Institute of Taiwan, said that Taiwan's return to the motherland was the result of 50 years of heroic and bloody struggle by numerous Taiwanese martyrs who fought and laid down their lives one after another. It was paid for by the lives and blood of tens of millions of armymen and people who died in the 8-year war of resistance of the Chinese nation. Unfortunately, after its retrocession, Taiwan was again separated from the mainland because of human factors. It has remained separated for 36 years. He said: In commemorating this glorious day that falls on 25 October, we deeply feel the heavy duty toward our nation.

Attending and addressing the discussion meeting were Zhao Fusan, vice president of the Chinese Academy of Social Sciences; Peng Tengyun, vice chairman of the All-China Federation of Taiwan Compatriots; and Liao Qiuzhong, chairman of the Taiwan Students Association.

Leaders Attend Meeting

0W222230 Beijing XINHUA Domestic Service in Chinese 1555 GMT 25 Oct 85

[By reporter He Ping]

[Excerpts] Beijing, 25 Oct (XINHUA) -- Over 1,000 people from various circles in the capital attended a meeting at the CPPCC auditorium this afternoon to commemorate the 40th anniversary of the recovery of sovereignty over Taiwan.

Xi Zhongxun, member of the Political Bureau of the CPC Central Committee, presided over the meeting.

Ulanhu, vice president of the state, attended and spoke at the meeting.

Seated on the rostrum also were Yang Shangkun, Chen Pixian, Wang Shoudao, Jiang Hua, Xiao Ke, Lu Dingyi, Peng Chong, Seypidin Aizezi, Hu Yuzhi, Rong Yiren, Yang Jingren, Kang Keqing, Hu Ziang, Dong Qiwu, Zhou Peiyuan, Burhan, Miao Yuntai, Wang Guangying, Fei Xiaotong, Qu Wu, and Mao Yisheng.

Representatives of the Central Committee of the Chinese Kuomintang Revolutionary Committee, the headquarters of the Taiwan Democratic Self-Government League, the All-China Federation of Taiwan Compatriots, the Taiwan Fellow-Students Association, former Kuomintang generals in the war of resistance against Japan, intellectuals, and Taiwan compatriots made earnest speeches at the meeting.

Ulanhu Addresses Meeting

0W260125 Beijing XINHUA Domestic Service in Chinese 1458 GMT 25 Oct 85

[Speech by Ulanhu at 25 October meeting to mark 40th anniversary of China's recovery of sovereignty over Taiwan]

[Text] Beijing, 25 Oct (XINHUA) -- Comrades and friends: Today is the 40th anniversary of China's recover of sovereignty over Taiwan. We are holding a solemn meeting here to mark this victorious day. Let me first of all extend my warm greetings and cordial regards to the people of all nationalities in Taiwan and the Taiwan compatriots in all parts of the world.

Taiwan has been a part of China's territory since ancient times. Both Taiwan compatriots and the people of Mainland China are of Chinese nationality. They are as closely linked as flesh and blood. When the army of the Qing Dynasty was defeated in the 1894 war, the Qing Dynasty was forced to sign the Sino-Japanese Treaty to cede Taiwan and the Penghu Islands to Japan. During the next 50 years, the people in Taiwan turned their hearts to the motherland. With the support of the people of the motherland, they waged unremitting struggles against the colonial rule by Japanese imperialism. With one stepping into the breach as another fell, their heroic deeds move one to song and tears. During the anti-Japanese war, a national united front against Japanese aggression was formed on the basis of the cooperation between the Kuomintang [KMT] and the CPC by integrating the anti-Japanese struggle waged by the people in Taiwan with the anti-Japanese war of all the people in the country and with the world war against fascism.

Finally, China's war against Japanese aggression was victorious, freeing Taiwan from Japanese imperialism's colonial rule and helping Taiwan return to the embrace of the motherland. On 25 October 1945, the Chinese Government of the time sent officials to accept, at Taipei's City Hall, the surrender by Rikichi Ando, Japanese Governor of Taiwan and commander of the Japanese 10th Army, announcing that "Taiwan and the Penghu Islands have once again officially become a part of China's territory as of today." On that day, China officially recovered sovereignty over Taiwan and the Penghu Islands. This was a major achievement scored by the people of all nationalities in China including the people in Taiwan in uniting as one in the war against Japanese aggression.

Forty years have passed since the recovery of sovereignty over Taiwan. Tremendous changes have taken place in the world and in China during those 40 years. The Chinese people have scored victories in their revolution. They have finally risen to their feet. China's international standing has been elevated. The one billion people of all nationalities on the mainland have never before been so united. They are carrying out socialist construction with full confidence. The policy of opening to the outside world and invigorating the economy domestically and the reform of the economic structure have filled cities as well as the rural areas with vitality, bringing about continuous new changes toward prosperity. Definite progress has been made in Taiwan. The people's living standards have been improved.

Great changes have also taken place in the situation in Japan and in Sino-Japanese relations. China and Japan have signed, one after another, the joint statement and the peace and friendship treaty, reaffirming the four principles of peace and friendship, equality and mutual benefit, mutual trust and long-term stability. In his "four-point view on the development of Sino-Japanese friendly relations," General Secretary Hu Yaobang pointed out: It is entirely correct that both China and Japan have regarded Sino-Japanese friendship as one of their own national policies. In order to develop Sino-Japanese friendship, both the Chinese and Japanese Governments and peoples must adopt a correct approach to the serious confrontation in the past between the two countries. On the one hand, they must not allow the confrontation in the past to affect today's friendship and cooperation. On the other hand, they should not sympathize with those chief culprits who brought about the confrontation between China and Japan. Still less should they fail to take action against the handful of people who try to revive militarism. When they encounter difficulties in maintaining bilateral relations, both sides must take the overall interests into account, handle things with prudence, give earnest consideration to the friendly suggestions and reasonable demands of the other side, and strive to avoid any actions which might hurt the feelings of the people of the other side. As long as both sides remain farsighted, the future for Sino-Japanese long-term friendship is bright.

At a time when we mark the 40th anniversary of China's recovery of sovereignty over Taiwan, we cannot but realize that the great cause of the reunification of the motherland has not yet been accomplished, and that Taiwan and Mainland China remain divided. This is a product left from domestic trouble and foreign invasion over a protracted period in China's history and a result of the interferences from foreign countries. It runs counter to the will of all the Chinese people, including the people in Taiwan.

For many years, the people of all nationalities in China have waged an extremely arduous struggle for national independence and reunification. To end the division between Taiwan and Mainland China and to realize the complete reunification of the motherland is the continuation and completion of this struggle. This is a historical trend and aspiration of our nation. Now we have satisfactorily settled the Hong Kong question through the concept of "one country, two systems."

The question of Taiwan differs from the question of Hong Kong. It is not a question of recovering sovereignty, but a question of peaceful reunification of the motherland. It is China's internal affair. However, it can also be solved through the concept of "one country, two systems." At the same time, the conditions may be even more flexible. This policy of peaceful reunification of ours completely conforms with the interests of the people and authorities in Taiwan. In the meantime, it also takes into consideration the legitimate interest of relevant countries in Taiwan.

In China's modern history, KMT-CPC relations greatly affect the future of the state and the nation. The first KMT-CPC cooperation led to the victory of the Northern Expedition after which the KMT became the ruling party of the whole country. The second KMT-CPC cooperation led to the victory of the anti-Japanese war, saving China from its humiliation in fighting many battles but losing every one of them in the past century. It also greatly raised the prestige of the KMT. These two periods of cooperation conformed with the fundamental interest of the state and the nation, and benefitted the KMT.

Today, in order to realize the great cause of the reunification of the motherland, to bring about the rejuvenation of the Chinese nation, and to greet the arrival of the 21st century, cannot the KMT and the CPC cooperate once again? This would be very beneficial for the state and the nation and quite conducive to the KMT and the CPC. Some KMT people claimed that they were at a disadvantage on both occasions in cooperating with the CPC. This statement runs entirely counter to historical facts. In fact, the KMT greatly benefitted from the two periods of KMT-CPC cooperation. It suffered no losses. If it did suffer losses, it was because it opposed the CPC. What did the KMT achieve by opposing the CPC for scores of years? Did it not harm the state and the nation as well as itself? The KMT will thrive by allying itself with the CPC. It will fail by opposing the CPC. This has been fully proven by history. We hope that the KMT authorities will summarize its experience and draw lessons from it, follow the historical trend, and make a wise choice. We pin our hopes on the Taiwan authorities and even greater hopes on the people in Taiwan. We hope the people of various ethnic groups and walks of life in Taiwan will make positive contributions to the reunification of the motherland. We also hope that all the Chinese people either at home or overseas will make contributions through various channels and forms to promote the reunification of the motherland. All parties and individuals that contribute to the final reunification of the motherland will win support and praise from the people and will have a definite place in history.

Let us unite as one and join our efforts to struggle for the reunification of the motherland and the rejuvenation of the Chinese nation!

RENMIN RIBAO Editorial

HK251518 Beijing RENMIN RIBAO in Chinese 25 Oct 85 p 1

[Editorial: "Wishes on Recovery Day"]

[Text] Today is the 40th anniversary of the recovery of Taiwan. It is a festival of the Taiwan people and of the people of all nationalities throughout the country as well. We take this opportunity to extend cordial greetings to the Taiwan people.

After the Sino-Japanese war of 1894, the decadent government of the Qing Dynasty signed the "Treaty of Shimonoseki," a treaty of national betrayal and humiliation, with the Japanese imperialists. From then on, Taiwan was forcibly occupied by the Japanese imperialists. During the 5 decades of Japanese imperialist rule, the Taiwan people (including the people of Gaoshan nationality) struggle continuously. From opposing the cession of Taiwan to striving for its return to the fold of the motherland, they advanced wave upon wave, showing unyielding heroism.

During the war of resistance against Japan, the Taiwan people took an active part in the war of resistance by going to Yanan, Fujian, Zhejiang, Chongqing, or other places. The people on Taiwan island waged continuous mass struggles against the Japanese despotic rule. Their slogan was "Down with Japanese imperialism, recover Taiwan."

The "Cairo Statement," signed by China, the United States, and Britain on 1 December 1943, declared to the whole world: The territories expropriated from China by Japan, such as Manchuria, Taiwan, and the Penghu Islands, should be returned to China. On 26 July 1945, China, the United States, and Britain (the Soviet Union joined later) issued the "Potsdam Declaration" to urge Japan to surrender unconditionally. Article 8 of the declaration reaffirmed: "The terms of the 'Cairo Statement' will certainly be implemented." After Japan announced its unconditional surrender, in line with the "Cairo Statement" and the "Potsdam Declaration," the Chinese Government held a ceremony in Taipei on 25 October 1945 to accept the surrender of the Japanese soldiers stationed in Taiwan. Rikichi Ando, the last Japanese governor general and commander of the garrison force in Taiwan, put his signature of the letter of surrender at the Taipei Public Hall and then handed it over to Chen I, administrative officer and garrison commander of Taiwan Province appointed by the Chinese Government. Chen I proclaimed to the world: "From today Taiwan and the Penghu Islands have returned to China's sovereignty and all people, land, and political power have come under the jurisdiction of the Chinese Government." From then on, the history of Japanese imperialist invasion and occupation of Taiwan for half a century came to an end. October 25 was designated as Taiwan recovery day.

However, history is tortuous. Several years after its recovery, Taiwan was again separated from the Chinese mainland, and this situation has continued for more than 30 years. This state of affairs has been formed entirely artificially. It runs counter to the will of the people in Taiwan and on the Chinese mainland. The separation should be ended as soon as possible. For years the Chinese have waged unremitting struggle for national independence and the reunification of the motherland. Terminating the state of separation between Taiwan and the Chinese mainland represents a continuation and the ultimate completion of this struggle.

The Chinese Government has used the concept of "one country, two systems" to hold talks with the British Government and has satisfactorily solved the question of Hong Kong. The question of Taiwan is not one of regaining sovereignty but of achieving peaceful reunification. It can also be solved according to the concept of "one country, two systems."

This policy decision has been put forward on the basis of Taiwan's reality and in full consideration of the interests of the Taiwan people, the interests and circumstances of the Taiwan authorities, and the long-term interests of the state and the nation. In achieving the great cause of reunifying the motherland, we place our hope in the Taiwan authorities, the Taiwan people, and all Chinese at home and abroad. We hope that the Taiwan KMT authorities will conform to the irresistible trend of history and make a wise choice. We hope that the broad masses and the vast number of people from the industrial, commercial, scientific, technological, educational, literary, and press circles in Taiwan will make contributions to the peaceful reunification of the motherland. We hope that all Chinese at home and abroad will exert themselves by various ways and means to promote the peaceful reunification of the motherland.

The great cause of reunifying the motherland will certainly be achieved. With the concerted efforts of various quarters, the day when the Taiwan people can sit together with the people on the Chinese mainland to celebrate Taiwan recovery day will not be too far off.

Article Urges Reunification

HK251255 Beijing ZHONGGUO XINWEN SHE in Chinese]409 GMT 24 Oct 85

[Article by ZHONGGUO XINWEN SHE reporter Wang Jie: "Marking Recovery; Speaking of Reunification" -- ZHONGGUO XINWEN SHE headline]

[Text] Beijing, 24 Oct (ZHONGGUO XINWEN SHE) -- The 40th anniversary of the recovery of Taiwan falls on 25 October. The authorities on both sides of the Strait will hold rallies and are organizing activities to ceremoniously mark this memorable occasion.

Taiwan has been Chinese territory since ancient times. In the course of history, many aggressors have coveted this pearl of Chinese soil. In the 4 centuries and more since the 16th century, Taiwan has been invaded and occupied 16 times. It twice became a colony. The first time was during the 38 years between 1624 and 1662, when it was became a Dutch colony, and the second time was during the 50 years between 1895 and 1945, when it was became a Japanese colony. It is difficult, if not impossible, to give an adequate account of the crimes committed by foreign aggressors, Japanese aggressors in particular, who invaded China. The Chinese nation has experienced untold hardships. However, it is the Taiwan compatriots who have suffered the most and for the longest time.

As a result of the whole nation's sense of unity, the great bloodshed, and the unyielding struggle waged by the people of Taiwan, Taiwan returned to its motherland 40 years ago. History tells us that first, the Taiwan compatriots have never wanted to be separated from their motherland, and second, no bandit can take away Taiwan.

Today, as we mark the 40th anniversary of the recovery of Taiwan, recall the past, and review the situation in the Strait, all sorts of feelings well up in our mind. At present, although the guns on both sides of the Strait have ceased fire, an artificial barrier exists. In view of such a situation, a certain Taiwan compatriot bitterly wrote: "Under Japanese rule...Taiwan and its motherland became foreign countries. However, the contacts between the people continued. The Japanese could not stop the Taiwan compatriots from having affection for their motherland. However, what the Japanese could not achieve, namely, cutting off the ties between the Taiwan compatriots and their motherland, has been achieved in the Taiwan Strait in the past 30 years. The Taiwan Strait has become an impossible barrier between the Taiwan compatriots and their motherland. This is indeed a great tragedy for the contemporary Chinese nation."

At present, what is apparent to the world is that the mainland is calling for peaceful reunification, peace talks, and contacts in three fields. It is trying its best and making efforts to bring about the early reunification of the motherland. However, Taiwan sometimes adopts a "three rejections" attitude to counter the "contacts in three fields" proposal. On other occasions, it launches anticommunist propaganda campaigns, stirs up an anticommunist panic, and introduces the threat of war. However, on the island, the public has formed a force for peace and it is calling for "contacts in three fields," a rapid increase in entrepot trade, and more frequent cultural, sports, and academic exchanges. The people on the island are very unhappy with the Taiwan authorities' rigid attitude of rejecting the peace talks. Thus, they call for the "separation of politics from academic studies" and "changes and reforms." Through their national consciousness, many scholars have raised suggestions and comments to the Taiwan authorities, pointing out to them the seriousness of going against public opinion.

Not long ago, an article published in Taiwan's CHUNG HUA TEA CHIH [0022 5478 7177 1807 -- CHINA MAGAZINE] suggested: "It is a pity that China should be divided by a strait. The whole world is laughing at it for the protracted confrontation between the two sides. Public opinion is raging and the people look forward to peace and the early reunification of the country. This has become a trend of the times. Any political party which tries to resist this trend will be overwhelmed by it." This earnest and rational message represents the common desire of the people on both sides of the Strait." "Unity means security; a split means danger." "Unity does good; a split does harm." Everybody understands this principle.

The Chinese people, who have experienced untold hardships in the course of history, are looking forward to national prosperity, peace, and reunification of the motherland. In fact, they feel that "time is running short." The Taiwan authorities have always claimed that they are "based on the well-being of the public." How, then, do they view the country's and the people's most important interest? As a result of the pressure put on it by public opinion, the Taiwan authorities in recent years have apparently adopted some realistic practices. However, all this has not been adequate enough to meet the people's urgent demand. If they can achieve, as the Taiwan public desires, the reunification of the motherland by "opening itself and walking with big strides," they will indeed have catered to the most important interest of the people, especially the Taiwan people.

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OFFICIAL ON EFFORTS TO REDUCE TRADE GAP WITH U.S.

OW260431 Taipei CNA in English 0307 GMT 26 Oct 85

[Text] New York, Oct. 25 (CNA) -- Wang Chien-Hsuan, vice minister of economic affairs of the Republic of China [ROC], told a group of American journalists Friday that the ROC Government is trying to do its best to narrow down the U.S.-ROC trade imbalance which is in ROC's favor.

Wang noted that the ROC Government has taken a series of measures to narrow the trade gap, including the dispatch of "buy American" missions and the cutting of tariffs on imported American goods.

At a news conference held at the office of the Information and Communication Division under the Coordination Council for North America Affairs' New York office, Wang stressed that the ROC strongly supports President Reagan's "free trade" policy, and adopts an open, free and fair trading system. He pointed out that the ROC is willing to open its market for American products. He believes that the principle of free trade matches the interest of international community.

The high-ranking official took the example of the special "buy American" mission from the ROC to show ROC's sincerity in narrowing the two countries' trade gap. The 11th of such missions led by Wang has just concluded with a purchase of a total of 317 million U.S. dollars worth of American agricultural products and industrial equipment.

He stressed that trade liberalization has been the continuous policy of the Republic of China. In recent consultations between the Republic of China and the United States, he said, the ROC agreed to U.S.-requested cuts of tariffs imposed on 112 American products and also decided to reduce voluntarily tariffs on 80 other American export items.

At a following question-answer session, Wang said ROC Government's anti-counterfeiting efforts have yielded fruitful results and got warm responses from abroad.

MINISTER STRESSES STRONG NATIONAL DEFENSE

OW280600 Taipei CHUNG YANG JIH PAO in Chinese 22 Oct 85 p 1

[Text] A strong national defense provides insurance for the security of a country and protection for its people, said Soong Chang-chih, minister of national defense, while directing a military exercise to demonstrate the combat strength of the national Armed Forces on 21 October. He added that especially in view of the enemy's growing challenge, it has become all the more necessary for us to strengthen and build up our national defense.

Minister Soong said: A strong national defense depends on two factors: one, the ground, air, and naval forces with strong combat capability; and two, the awareness by the people of the whole country that places national interests and national defense above anything else, and their unity under the firm leadership of President Chiang Ching-kuo.

Minister Soong emphatically pointed out: In view of the communist bandits' provocations, the people's unity and support for our government and Armed Forces provide the most effective guarantee for victory over the enemy. The purpose of holding the exercise is, through witnessing the powerful combat capability of our national Armed Forces, to raise the people's understanding and attention toward national defense, as well as their confidence in the future of the country.

In reply, Wu Bo-hsiung, minister of the interior, said: There is a special significance in holding the exercise this year, the 40th anniversary of the victory over Japanese aggression and the retrocession of Taiwan. Considering themselves as the masters, grassroots cadres from various localities and civic organizations have been able to witness and review the fruits of our national Armed Forces' daily training and preparation for war in the spirit of integrating the unity of the whole people with visible military strength. We are convinced that we will be able to accomplish the sacred mission of re-unifying China under the three principles of the people at an early date.

In his speech, Hsu Shui-teh, mayor of Taipei, said: Owing to the national Armed Forces, the base for resurgence has developed and prospered over the past more than 3 decades. I believe that after witnessing the demonstration of the combat strength of our national Armed Forces, the people of the whole country will have a better understanding of the progress in our national defense and, thus, will become even more united in supporting the national Armed Forces with one heart and one mind.

COMMENTARY CONTRASTS TAIWAN, MAINLAND SITUATIONS

OW280410 Taipei International Service in English 0200 GMT 26 Oct 85

[Station commentary]

[Text] The 19 million-odd Chinese people in Taiwan are celebrating a special event, the 40th anniversary of the retrocession of the island province to the sovereignty of the Republic of China. Taiwan retrocession day, the fruit of 8 years of war against Japanese aggression, is a big event in the history of China. The retrocession of Taiwan has not only enabled the people of the island to return to the embrace of their mother country by becoming the legitimate citizens of the Republic of China, but the diligence and hard-work of the people under a democratic government have made Taiwan a model for the future development of China. This is not a cliche. It is supported by facts. All the promises that Chinese Communists have made to the people but failed to deliver have turned into a reality in Taiwan without shedding a drop of blood and without the loss of freedom on the part of the people. A few solid facts suffice to illustrate the sharp contrast between the two parts of China separated by the Taiwan Strait:

Although Mainland China is over 300 times larger and over 50 times more populous than Taiwan, Taiwan has surpassed the mainland in foreign trade, and has a foreign exchange reserve twice as large. In terms of per capita income, Taiwan outshines the mainland by a ratio of 10 to 1. Taiwan also has more dial telephones than the mainland, and ownership of cars, TV sets, and other durable consumer goods is hundreds of times than that of the mainland, despite the fact that Mainland China has rich natural resources whereas Taiwan has not. What makes the difference is political and economic system adopted by the two Chinas.

It is Dr Sun's three principles of the people that has made the Republic of China tick. Precisely because of this the people on the mainland have developed a deep confidence crisis and are looking to free China on Taiwan for inspiration and deliverance. It is by no means the Republic of China's propaganda talks. The frequent one-way defections from the Chinese mainland to Taiwan over the years have amply demonstrated what the Chinese people's choice is. Aware that the continued existence of free China constitutes a serious threat to the legitimacy of the communist rule on the mainland, Teng Hsiao-ping has listed the annexation of Taiwan as one of Peking's three major missions in the 1980's. Toward that end, Peking has made numerous phony promises to the people of free China, including the so-called one country, two systems formula. Peking's carrot is accompanied by a stick that threatens to use force against the Republic of China. But the government and people of free China will not compromise their stand. No matter what trick Peking may play, they have a mission to accomplish, that is the restoration of democracy on the Chinese mainland. Until the goal is reached, the people of Taiwan will not rest.

JOURNAL RELATES INSIDE STORY OF CPC RESHUFFLE

HK251509 Hong Kong KUANG CHIAO CHING in Chinese No 157, 16 Oct 85 pp 9-11

[Article by Kuan Cha-chia: "The Inside Story of the Major Reshuffle in the CPC"]

[Text] The major personnel reshuffle in the CPC aroused widespread attention in China and foreign countries. This writer discovered that this was also a central issue discussed by the people in Beijing. On the evening of 29 September, this writer was invited to a friend's house, where he met with some people from party and government organs who had intimate knowledge of the situation. At the dining table, we talked about the current personnel readjustment late into the night. The inside story of the personnel readjustment was revealed during our discussion. This writer will cite some examples from memory for the benefit of KUANG CHIAO CHING readers.

Why Didn't Hu Qili Become a Member of the Standing Committee of the Political Bureau?

"What was Hong Kong public opinion about the personnel readjustment?" they asked this writer at the beginning of our discussion.

"The current personnel readjustment at the highest level of the CPC is beyond the expectations of Hong Kong public opinion in terms of its scale and development," this writer began. "Some people described the personnel readjustment as a 'large-scale transfusion of new blood.' Almost everyone is of the opinion that the personnel readjustment will provide a more reliable guarantee for the implementation of the reform line and the policy of opening up to the world. While analyzing the personnel readjustment, some people emphasized the contradictions at the highest level of the CPC."

"What contradictions?" they asked, everyone eager to get a word in. "Where can contradictions be seen?"

"For example, no one has replaced Marshal Ye since he left the Standing Committee of the Political Bureau. Some people said that, originally, Hu Qili was to be elected a member of the Standing Committee of the Political Bureau, but that this was opposed by the orthodox faction. Others said that according to seniority, Peng Zhen should have become a member of the Standing Committee of the Political Bureau, but that the reformists did not agree. Still others said..." This writer had hardly finished when those present burst into laughter, some shaking their heads to indicate their disagreement with the above remarks.

"Our revered Comrade L would you please say something about this problem? We believe you can provide us with authoritative information," the host said to an old cadre over 60 years of age.

"Maintaining the echelon structure in the cadre ranks is a method for solving the problem of successors which has been worked out by summing up domestic and foreign experiences and lessons," Mr L explained calmly. "With the formation of several echelons, the problem of successors does not involve merely one or two people, but a group of people of different ages. This group of people will work under the guidance of veteran comrades, will accumulate experience, and will undergo tests. Those who have good records will be successors and those who fail will be required to leave the group. I believe this is a proper method for solving the problem of successors and of handing down our traditions from generation to generation."

The Echelon Structure of the CPC Central Committee

"In line with the present situation, the echelon structure of the CPC has been arranged as follows: The Standing Committee of the Political Bureau is composed of the first echelon; the Political Bureau is composed of the first and second echelons; the Secretariat is composed of the second and third echelons; and the CPC Central Committee is composed of the first, second, and third echelons. This arrangement has been made in order to enable a large number of revolutionaries of the older generation to retire while retaining a small number of them to take charge of the overall situation and major problems. Thus, young cadres will shoulder the heavy responsibility of handling specific tasks."

"A Hong Kong newspaper once used the saying: 'The young row the boat with the old at the helm' to describe this arrangement."

"This is a vivid description," Mr L said, nodding in approval. "Since veteran comrades are retiring, there is no need for Peng Zhen to enter the Standing Committee of the Political Bureau. As for Hu Qili, he is secretary of the Secretariat. Now he has been elected a member of the Political Bureau. He is in charge of specific work on the one hand and can take part in policymaking on the other. Isn't this good? Why is it that he should hurry to enter the Standing Committee of the Political Bureau? This arrangement is based on the unanimous view of the CPC. Rendering this as a contradiction between the supreme leaders of the CPC will only make those who have an intimate knowledge of the inside story laugh."

How Should We Look at the "Prince Party"?

"When discussing the personnel change in the CPC, some Hong Kong newspapers used the term the 'prince party' to describe the third echelon. A Hong Kong magazine recently asserted that allowing the third echelon to take over means handing down political power to the 'prince party,'" this writer said.

"Some high-ranking cadres use their power and influence to place their children in important leading positions. This is a very bad habit and has aroused indignation among the masses in the country," said Mr P, who was in charge of personnel work, in providing an answer to this writer. "The CPC Central Committee is attending to this problem and is taking measures to correct this evil trend."

"The current personnel readjustment is an example. The CPC Central Committee strictly examined all problems involving the children of the high-ranking leaders concerned. Of the new cadres appointed since the beginning of this year by the CPC Central Committee to the various departments of the CPC Central Committee and to leading organs at the provincial and army levels, only about 10 are relatives of high-ranking leaders, accounting for a very small percentage."

"Why didn't the CPC simply rule out relatives of high-ranking leaders?" continued Mr P, seeing this writer trying to begin a question. In my opinion, the problem is not whose children have been promoted, but whether those selected meet the necessary requirements. It a person who meets the requirements for a successor is ruled out just because he is the son of a high-ranking leader, this is just another extreme way of doing things."

"Therefore, it is improper to call the third echelon the 'prince party.' The present problem is that some high-ranking cadres have promoted their incompetent children. At the conference of party delegates, our leaders brought our attention to this problem."

After Mr P finished explaining, Mrs W said: "It is said that Jia Chunwang was elected minister of state security and Ruan Chongwu minister of public security because no consideration was given to appointing children of high-ranking cadres to these two positions."

Why Is It That Jia Chunwang and Ruan Chongwu Were Elected?

The Hong Kong press paid close attention to the change in the ministers of state security and public security. Being unfamiliar with Jia Chunwang and Ruan Chongwu, the two newly appointed ministers, there was much speculation in Hong Kong. We did not think that Jia Chunwang and Ruan Chongwu were elected out of consideration for the above reason. Of course, this writer lost no time in inquiring about the experience of Jia and Ruan.

Jia Chunwang Was Once Imprisoned

Mr M, a retired cadre in Beijing, related Jia Chunwang's experience in detail. He said: "Jia Chunwang is only 47. He graduated from the Physics Department of Qinghua University in 1964. He was good at his lessons and at politics. After graduation, he was assigned to work at Qinghua University. He was subsequently elected director of the students' section of the CPC Committee of the university. During the 'Great Cultural Revolution,' he opposed the ultraleftist line, in particular, the erroneous idea of completely negating the achievements made over the past 17 years. As a result, he was branded as a counterrevolutionary and was imprisoned for several years. After the downfall of the 'gang of four,' he was assigned to work in Haiding District, where he made prominent achievements and soon became secretary of the district. Subsequently, he was transferred to Beijing Municipality, where he was finally elected first deputy secretary of the Beijing Municipality CPC Committee after several promotions." Mr M praised him, saying: "I know this young man well. He is a man of vision and resolve. He is quite a good successor."

Some of those present said that Ruan Chongwu is a native of Hebei and is now 55. He studied science and engineering and worked in the State Science and Technology Commission. Subsequently, he was sent to the FRG as a scientific and technological adviser. After he returned to China, he was transferred to Shanghai to take charge of the city Science and Technology Commission. He was also appointed vice president of Jiaotong University and vice mayor of Shanghai. Later he was promoted to first vice mayor of Shanghai.

One of the gentlemen told me that he was an orphan and is a descendant of a martyr.

Since Jia Chunwang and Ruan Chongwu do not have experience in judicial work, why have they been assigned to take charge of the Ministry of State Security and the Ministry of Public Security?

Political and Legal Departments Will Strengthen the Legal System

Now it was the host who answered this writer's questions. "As far as I know, this was arranged by the CPC Central Committee," he said. "These two ministries have made great achievements since the founding of the PRC. However, there are also problems. For a long time, China's legal system has been imperfect. Because of this, cadres of the two ministries, including some leading cadres, do not have a clear idea of the legal system. It is very difficult to change their old habits. All this cannot keep pace with the present situation."

"In addition, for historical reasons, some factions have been formed in the two ministries and there are many problems. Although the two men do not have experience in judicial work, the CPC Central Committee has transferred them to the two ministries, as they are young, educated, capable, and energetic. I believe that this will help the political and legal departments improve their work, take the correct road, respect democracy, and protect the legal system."

How Was Hu Jintao Transferred to Guizhou?

Our topic shifted to the "Youth League faction" referred to by a Hong Kong newspaper. This writer asked whether cadres in charge of Youth League work receive quicker promotions than cadres in charge of other work.

Mr C, who had been in charge of Youth League work since the liberation of Beijing and was transferred to a government department on the eve of the "Great Cultural Revolution," related his own experience to this writer, saying: "Cadres in charge of youth league work are transferred to other departments when they reach a certain age. This has been our consistent practice. Generally speaking, cadres responsible for Youth League work begin their careers earlier than other cadres. They also have experience in leadership work. Therefore, they are usually required to do leadership work. This is also my experience." He continued: "Many cadres in the third echelon were in charge of Youth League work. For a long time, promoting cadres according to seniority has been a habit in party and government organs, and as a result, young cadres also remain at the bottom and it is difficult for them to find the opportunity to display their talents. Whereas in the Youth League, many young people are responsible for important tasks. Thus they have more opportunities to display their talents."

"Of course, it is good to select leading cadres from all parts of the country for departments of the central authorities," Mr C added. "The new director of the Propaganda Department of the CPC has been elected on this basis."

"Isn't Zhu Houze the newly appointed director of the Propaganda Department? Is there any connection between his appointment and selecting cadres from the Youth League?" asked this writer, unable to comprehend Mr C's remarks.

Hesitating for a moment, Mr C replied: "I was told that in the beginning, Hu Jintao was considered for the appointment of director of the Propaganda Department. However, people are aware that many leading cadres in the organs of the central authorities have been selected from among cadres in charge of Youth League work. It would have had a negative effect if the first secretary of the Central Committee of the Youth League had been appointed director of the Propaganda Department. Therefore, Zhu Houze of Guizhou was selected and Hu Jintao was transferred to Guizhou to replace Zhu Houze as secretary of the provincial CPC Committee."

The CPC Has Made a Long-Term Arrangement for Hong Kong

Toward the end of our discussion, this writer said that public opinion in Hong Kong has paid close attention to the fact that Zheng Hua and Qiao Zonghuai had been elected alternate members of the CPC Central Committee. It is generally acknowledged that the CPC attaches great importance to Hong Kong.

Qiao Zonghuai Hurried to the Meeting

"Quite a number of people in the mainland were taken by surprise," Mr P said. "Many people had already heard that Xu Jiatun would withdraw from the CPC Central Committee and become a member of the Advisory Commission. Who would succeed Xu Jiatun? Everyone was guessing. Subsequently, Xu Jiatun returned to Beijing and took part in the Fourth Plenary Session. Zheng Hua also came. He attended the National Conference of Party Delegates. As everyone had expected, Zheng Hua replaced Xu Jiatun in the CPC Central Committee. But no one had expected that Qiao Zonghuai would also be elected. Qiao Zonghuai came to Beijing to attend the Fifth Plenary Session later than the other two."

"Do you mean that the decision on electing Qiao Zonghuai as an alternate member of the CPC Central Committee was made at the last moment?"

On this point, those present at our discussion could not arrive at one answer, as none had an intimate knowledge of the actual situation.

"Whether the decision was made earlier or at the last moment does not alter the fact that Xu Jiatun has withdrawn from the CPC Central Committee and the two men from the Hong Kong branch of the XINHUA NEWS AGENCY have been selected for the CPC Central Committee. This indicates that the CPC attaches importance to Hong Kong," Mr L summed up. "Not only is it necessary to maintain Hong Kong's stability and prosperity during the transitional period, but it is also important to develop its stability and prosperity after 1997. This policy is unalterable; therefore there should be a long-term arrangement. The transitional period alone is an example. It will last 12 years. Xu Jiatun, who is going to be 70, will naturally be unable to work that long. Zheng Hua will probably also retire before 1997. Beginning now, young people should take part in leadership work and take up important tasks. In my opinion, this is quite necessary to ensure a smooth transition for Hong Kong."

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